SOCIAL SECURITY AMENDMENTS OF 1955

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

EIGHTY-FOURTH CONGRESS

SECOND SESSION

ON

H. R. 7225

AN ACT TO AMEND TITLE II OF THE SOCIAL SECURITY ACT TO PROVIDE DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY, TO REDUCE TO AGE SIXTY-TWO THE AGE ON THE BASIS OF WHICH BENEFITS ARE PAYABLE TO CERTAIN WOMEN, TO PROVIDE FOR CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN, TO EXTEND COVERAGE, AND FOR OTHER PURPOSES

FEBRUARY 28, 29, MARCH 1, 5, AND 22, 1956

PART 3

Printed for the use of the Committee on Finance

UNITED STATES
GOVERNMENT PRINTING OFFICE
73192 WASHINGTON : 1956

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SOCIAL SECURITY AMENDMENTS OF 1955

TUESDAY, FEBRUARY 28, 1956

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

The committee met, pursuant to recess at 10:15 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, Martin, Williams, Carlson, and Malone.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The meeting will come to order. I submit for the record a statement by Harland A. Trax, of Upper Montclair, N. J.

(The statement is as follows:)

STATEMENT SUBMITTED BY HARLAND A. TRAX, OF UPPER MONTCLAIR, N. J.

I appreciate sincerely the opportunity to place before this committee my views on the subject of social security. Although I have not formed a definite opinion as to the merits or defects of the proposed amendments now under consideration, my view is that no further amendments should be made to the law in its present form. Instead, the Congress should undertake a thorough study and review of that portion of the law dealing with old-age and survivors' insurance with a view to certain fundamental changes.

When the original social-security law was enacted in 1935, I was vice president of the New Jersey Bell Telephone Co. and chairman of the benefit committee which administers the company's pension and benefit plan. This gave me a special interest in the subject and I studied the law carefully in its relation to the Bell System pension plan, and have since followed the numerous amendment passed in almost every session of Congress.

While I do not represent any organized group, my special interest is in the effect of the law on those most in need of its protection. I sympathize fully with the avowed purpose of the law to prevent destitution among those who, when they retire in old age, would face actual privation or would be compelled to apply for public assistance, which is a form of charity. The only justification for the law is the protection of these people. Yet in its present form, it actually adds to their tax burdens while they are actively employed, and the benefits paid to them when they retire are so pitifully inadequate that they are in many cases compelled to apply for public assistance involving the humiliating "means test."

Government old-age benefits are not and cannot be a form of insurance. As pointed out by Justice Cardozo in the United States Supreme Court decision upholding the constitutionality of the law (*Helvering* v. *G. P. Davis* (301 U. S. 619–646)), the tax provisions of the law are completely independent of the provisions for benefit payments. The tax on employees is an income tax and that on employers an excise tax, and both fall within the taxing powers of the Federal Government. Justice Cardozo said: "The proceeds of both taxes are to be paid into the Treasury like internal-revenue taxes generally and are not earmarked in any way." In other words, the tax proceeds can be used for any Government purpose and are not restricted to benefit payments. Old-age benefits are paid under the general-welfare clause of the Constitution and are independent of the taxes. Yet in the administration of the law, the old-age benefits are computed on the basis of taxable income in each individual case, thus

establishing a pretense of insurance. The general impression among workers is that, in paying the taxes, they are acquiring a right to old-age benefits as a matter of contract. In considering the merits and defects of the law, therefore, all pretense of insurance should be discarded entirely. The taxes collected should be considered separately on their merits as income taxes and excise taxes, and the old-age benefits should likewise receive separate consideration as welfare payments.

Perhaps the worst feature of the law is the manner in which the tax burden is distributed. The tax is 2 percent deducted from each worker's pay, plus an equal amount paid by the employer. It is now estimated that this will increase to at least 4½ percent each from worker and employer. There is no exemption in the worker's income tax as there is in the personal income tax, and he is compelled to pay the full tax on the first dollar he earns. There is, on the other hand, a top exemption of $4,200 per annum and there is no tax on wages above that amount. The result is that the low-paid workers are taxed on all they earn, while those with large salaries pay much less in relation to their total incomes. This violates the first principle of taxation, that taxes should be apportioned in accordance with ability to pay. It is actually a regressive tax which places the heaviest burden on those least able to pay. The low-income groups are too poor to pay these direct taxes, since many of them are living below a reasonable subsistence level and some are receiving public assistance.

The employers' excise tax payment is generally regarded as a sacrifice on his part for the benefit of the employees, but it does not work out that way. It is simply an added item in the cost of production, which falls on all employers alike, and under our system of free enterprise and free competition, is is automatically passed on to the consumer in higher prices. The low-income workers who are obliged to spend their entire earnings for consumer goods and services are thus compelled to bear a disproportionate share of this burden also. As wage demands are usually based on take-home pay, some portion of that half paid by the worker is likewise added to the price and passed on to the consumer.

With respect to benefit payments, perhaps the most serious defect of the present law is that it can never be complete in its coverage. Because it is administered as though it were compulsory insurance, old-age benefits are restricted to those who have contributed to the fund from which such pensions are paid. Whatever Congress may do to extend the protection of the present law to additional classes of workers, so long as it retains even the pretense of being an insurance plan, there will be many millions, including those most in need of protection, who cannot qualify for benefits. Through these indirect taxes on consumers, most of the tax burden is spread over all the people. This aggravates the injustice of excluding any one from the protection of the law.

Under compulsory insurance, there must be a direct relationship between the amount of taxes paid by each individual and the amount of benefits he will be entitled to receive. If insurance principles were strictly observed, this would be a very close relationship, taking account both of the size of the tax payment and the number of years the insurance was in effect. As this would result in very small benefits to the low-income group, the law has been repeatedly amended to weight benefit payments heavily in their favor. This completely distorts the relationship in individual cases between tax payments and benefits received and thus destroys the character of the law as an insurance plan. Yet it still insures that the lowest benefit payments will go to the low-income group, who are completely dependent on them, and that those with ample incomes will receive maximum benefits. The result is that benefits paid to low-income workers will usually be insufficient to provide the bare necessities of life, and many will have to apply for State old-age assistance to supplement their Federal pension. Thus, they will be subjected to the humiliation of the "means test" and their income from both sources will often be no more than they would have received from public assistance alone. The social-security taxes, paid during their years of active work, will have gained them nothing.

In computing old-age benefits, no account is taken of the length of time a worker has contributed to the fund. A man with 40 years of covered employment will receive exactly the same pension as a man with only 18 months of covered employment at the same average monthly wage, provided they both qualify for benefits. This is unjust and is contrary to insurance principles.

A worker is eligible to receive a pension if he has earned at least $50 in each of the 40 calendar quarters in covered employment. Such a worker is said to

be fully insured for life. Where the working period begins in his later years, a worker with less than 40 calendar quarters of covered employment may qualify for a pension if he has earned at least $50 in covered employment in not less than half of the calendar quarters during his working period, and in any event, in not less than 6 calendar quarters.

It is a simple matter for a man who has never worked in covered employment to take advantage of this provision of the law when approaching the age of 65.

For example, a man with many business connections can get his name on a payroll for a period of 18 months and thus qualify for old-age benefits for the remainder of his life, under which he will receive each month a tax-exempt pension payment approximately equal to the aggregate amount he has paid in taxes.

The requirement that a worker must have 40 quarters of coverage to be fully insured for life, discriminates against women. Each year several hundred thousand young women take employment simply to bridge the gap between school and marriage. Most of them quit their jobs within 10 years and never qualify for benefits. The result is that all the taxes they have paid for social security are forfeited.

Another injustice in the present law is the provision that if a man between the ages of 65 and 72 who is receiving an old-age benefit earns more than $1,200 per annum, the entire benefit payment is discontinued. This provision works a great injustice when considered in relation to need. A wealthy man living on interest and dividend income of a hundred thousand dollars per annum, is definitely retired and will receive his Federal pension. On the other hand, a poor man who cannot live on his pension is denied protection if he tries to make an honest living.

Old-age benefits are exempt from Federal income tax. This means nothing to the low-income groups as they do not pay income taxes, even when actively employed, and certainly not when retired on pension. To a man in the high-income brackets, however, it means that his old-age benefits are worth to him several times as much as the same amount in taxable income.

The present law is very costly to administer. The work of maintaining its elaborate records for each individual worker over his entire working life requires the services of many thousands of Government employees, and the number is steadily increasing. There is the added cost of maintaining local administrative offices throughout the country to advise the public on the intricate and complex provisions of the law. These costly records serve chiefly to defeat the real purpose of protecting the needy against destitution by insuring that the lowest pensions shall go to those completely dependent on them.

Unjust discrimination in the treatment of individuals is very marked in certain specific cases. For example, if a fully insured worker dies before reaching pension age, leaving no dependents as defined in the law, his estate will receive only a lump sum equal to 3 months' primary benefit. This worker may have spent many years in covered employment and been compelled to contribute several thousand dollars to the fund, most of which is forfeited. The worker has no control over his accumulation in the fund and cannot dispose of any part of it by will.

At the other extreme are cases in which workers receive in benefits many times the total amount paid in taxes. My own case will serve as an example. I retired in April 1939, after contributing to the fund over a period of two-and-a-fraction years. My own taxes amounted to $85 and this amount was matched by my employer, making a total tax payment of $170 on my account. On the basis of this tax, I receive a life annuity of $48.60 per month and my wife an annuity of $24.30 per month. In this case, the total amount paid in was exhausted in less than 3 months. The present value of these annuities at age 65 is $8,801, as against the $170 paid in.

Who is paying for these pensions? Since the plan is designed to be self-supporting, if some of us receive in pensions many times the amount contributed, others must eventually receive much less than their contributions if the plan is to remain solvent.

A serious defect of any old-age benefit plan imposed by the Government is that it must be uniform and inflexible. Every man's insurance requirements are peculiar to his situation in life, depending upon his income and general financial status, his family responsibilities, and his plans for the future. The imposition of a prescribed insurance program without regard to his insurance needs or his ability to pay is an unwarranted restriction of his freedom and his right to direct his own life and plan his own future.

It will be noted that the worst defects in the present law—its unjust distribution of taxes, its incomplete coverage, its ineffectiveness in taking care of the needy, its extravagant cost of administration, and its wasteful use of money for benefits for those not in need of protection—are inseparable from its character as a so-called insurance plan. The only real remedy is to abandon the idea of insurance and substitute an alternative plan.

Universal Old-Age Benefits Based on Need

Several Members of Congress have suggested that the present compulsory insurance plan be financed on a pay-as-you-go basis. If this were done, those on retirement would have their pensions paid by taxes collected from workers who have not yet reached retirement age. This change would solve many problems. It would also mean the abandonment of all pretense of insurance and the substitution of a tax-supported Federal pension plan. This would, in my opinion, provide the ideal solution of the problem.

Such a plan could best be financed by a personal income tax which could appear as a separate item on the regular income tax return and be designated as a social-security tax. A personal-income tax would provide the most equitable distribution of the tax burden and would be economically sound. The tax should be at a flat uniform rate for all incomes, from whatever source. It would not be wise to use a corporate income tax for this purpose, since corporation taxes are treated as business costs and are passed on to the consumer in higher prices.

Showing this tax as a separate item in the tax return would make it easy for the Government to keep social-security tax collections in balance with expenditures, and would keep the individual taxpayers informed of the cost of their social security. Under this plan, the revenues would be collected by the Treasury Department at very little cost to the Government.

The distribution of benefits under a tax-supported welfare plan would present some new problems. In order not to deprive individuals of the incentive to work and to save, pensions should be limited so far as possible to what is required to provide the essentials of daily life, and should be paid only to those who have need of them.

Under such a plan, it is important also to avoid the application of the means test. This could be done by paying those over 65 a uniform pension sufficient for the necessities of life. All those receiving these benefits would report them in their income-tax returns and would be subject to a special tax which might be called a recoupment tax. The purpose wuold be to recoup old-age benefits from those with adequate private incomes. The recoupment tax rate would be applied to private income only, and should be low enough so that at no point would it destroy the incentive for older people to continue working, and high enough to avoid paying pensions to those with ample private incomes. A graduated rate would meet these requirements. For example, the first $600 of private income for a worker receiving old-age benefits might be free from recoupment tax. Private income above $600 could be taxed at a gradually increasing rate that would recoup the entire pension of a man with no dependents having a private income of $3,000 per annum.

This tax would cease at the point where the entire old-age benefit, including any allowances for dependents, would be recouped. In order to save clerical work, persons with substantial private incomes could, with their consent, be dropped from the pension rolls, thus avoiding the use of the recoupment tax in such cases.

The proposed plan would be simple and inexpensive to administer. The costly individual records now required to determine eligibility and to compute benefits could be discontinued. The plan is so easily understood that there would be no needed for local administrative offices in each community to assist the public in interpreting the law.

The burden of financing social security would be equitably distributed. The added income tax would be partly offset by the discontinuance of payroll contributions for workers now in covered employment. Millions of low-paid workers would pay less than under the present law.

Everyone reaching retirement age would qualify for benefits, and the largest benefits would go to those with the lowest incomes. The millions already past retirement age, who have no protection under the present law, would become eligible immediately. Thus, the law would be fully effective in protecting those in need of social security, and the number of cases requiring local public assist-

ance would be sharply reduced. The resultant savings in public-assistance costs, both to the Federal Government and to the States, would offset a considerable part of the cost of the proposed plan.

The general economic effect of this plan should be wholesome. The social-security income tax should be established at a rate high enough to insure pension payments in good times and bad, with a large enough reserve to carry through periods of business depression. The amounts collected through social security and recoupment taxes should be used only for the payment of old-age benefits. In prosperous periods the social-security income tax, plus the recoupment tax, would substantially exceed the amount being disbursed in pensions. This would bring about a reduction in the amount of money in circulation, which would have a moderatedy retarding effect on inflation. In periods of depression both the social-security income tax and the recoupment tax would be sharply reduced, while the net amount disbursed in pensions would be substantially increased and would exceed the amount collected in taxes. This would increase the amount of money in circulation, and as benefit payments would have a high velocity of circulation the result would be a definitely stimulating effect on business activity. In this way the plan would serve as a balance wheel, contributing to the stabilization of general business.

If Federal old-age and survivors insurance is discontinued in favor of some other plan, the Government should, of course, carry out its commitments to those who qualify for benefits under the present law. The longer the changeover is delayed the more difficult will be the problem of meeting such commitments.

There can be little doubt that in the enactment of the Federal social-security law and the later amendments, political considerations have weighed heavily. The original law was passed as an emergency measure during our worst depression. There was very little debate, and it had almost unanimous support from both parties, and during the 19 years the law has been in effect it has been one of the few issues on which there has been no disagreement between the parties. Yet the many millions who must be excluded from benefits under any insurance law, however amended, and the millions whose protection under insurance will be insufficient for their needs, seem to have been overlooked by the lawmakers. Although these "forgotten men" constitute over a third of the total population, they are so scattered and unorganized that their political power has never been realized and they have little influence at Washington.

The fundamental defects in the original law can never be fully remedied by the endless patchwork of amendments coming up in every session of Congress. These amendments represent a vain attempt to make an ill-conceived compulsory insurance plan serve a purpose for which it is utterly unsuited. I believe Congress should meet the problem squarely by adopting a plan that will provide universal old-age benefits based on need. Such a plan would immediately mete out justice to all the needy aged, both in the apportionment of its tax burden and in the distribution of its benefit payments.

The CHAIRMAN. The first witness is Mr. John Tramburg, president of the American Public Welfare Association. Mr. Tramburg, you may proceed.

STATEMENT OF JOHN W. TRAMBURG, PRESIDENT, AMERICAN PUBLIC WELFARE ASSOCIATION

Mr. TRAMBURG. Mr. Chairman and members of the committee, I am John W. Tramburg, commissioner of the New Jersey Department of Institutions and Agencies. As president of the American Public Welfare Association, I am here today representing that organization.

In qualifying myself to testify I would like to add that I was Commissioner of Social Security in the Department of Health, Education, and Welfare during 1953 and 1954 and at that time was responsible to the Secretary for the overall supervision of the old-age and survivors insurance, public assistance, and Children's Bureau programs.

Now, just a bit about the association.

The American Public Welfare Association is the national organization of local and State public welfare departments and of individuals engaged in public welfare at all levels of government . Its membership includes State and local welfare administrators, board members, and welfare workers from every jurisdiction.

Within our association are a number of national councils, including a council representing all of the State administrators of public welfare, a council of local administrators of public welfare, and a council of members of State and local boards of public welfare.

We have five committees—aging, medical care, services to children, social-work education and personnel, and welfare policy—on which our membership is represented and through which we are able to obtain a cross section of views on how public welfare is operating to meet the needs of people in their home communities.

We have six regional conferences each year and a nationwide meeting in alternate years at which we discuss current issues in social security and obtain the views of our members. As a result of these discussions our board of directors of 26 persons, representing all parts of the country, adopts official policy positions on issues of current significance.

I should like to insert in the record selected brief policy statements bearing on the issues which come within the purview of this committee.

The CHAIRMAN. Without objection, that will be done.

(The documents referred to are as follows:)

ESSENTIALS OF PUBLIC WELFARE

A statement of principles prepared by the welfare policy committee of the American Public Welfare Association

PREAMBLE

Public welfare stems from the democratic principle that human beings have a responsibility for the well-being of each other. Through the span of recorded history man's very survival has depended upon the acceptance of this principle. In varying times and circumstances it has been expressed with magnificent variety and ingenuity: the family fostering its own members; the woman carrying food and medicine to a stricken neighbor; the collective barn-raising of the pioneer community; the church, fraternal order, union, commercial enterprise or club caring for its members; the voluntary pooling of labor and resources through social agencies to render a needed service; the use of government, as the common agent, to protect and foster the welfare of its citizens. Indeed it embraces the full range of man's generosity to man.

We who work in public welfare are proud to belong to this great humanitarian tradition. But we also recognize a special obligation resulting from the fact that public welfare functions within the framework of governmental authority and depends upon the tax dollar which everyone must pay. This is the obligation to state clearly our thinking with respect to public welfare: its nature, its obligations, its social purposes, its methods, and its limitations.

In this statement we have endeavored to summarize the basic principles of public welfare today. These principles cannot be static. They will change as people modify the role of government in the total society. Their application is not necessarily uniform throughout the country because variety, experimentation, and uneven progress are inherent in a vigorous democracy. Furthermore, actual practice does not always fulfill the aspiration expressed in every principle because this too is characteristic of growth and development.

Universal in public welfare, however, is the belief in individual human beings as the source of social values. Freedom from the bondage of needless fear and deprivation so that all individuals may achieve their highest potentialities is its goal.

THE GENERAL SETTING

I. *The range of governmental social programs.*—The American Union has as one of the basic purposes set forth in its Constitution "to promote the general welfare." This responsibility of democratic government to promote the well-being of individuals is carried out through many closely related social programs, of which public welfare is one. Others include services in the fields of public health, education, recreation, mental hygiene, corrections, vocational counseling and placement, vocational rehabilitation, protection to consumers, services to particular groups such as veterans, farm families, industrial workers, Indians, or others, and economic protection through contributory social insurance. These fields are not easy to isolate from each other since human beings and their needs constitute a single whole. However, recognizing that each involves its particular skills and methods, this statement is directed to the particular field of public welfare as a specific function of government.

II. *Public welfare as a specific function of government.*—Public welfare is that area of governmental service which protects individuals and families against potential or actual social disaster, including economic want, and helps them find the means to regain economic and social self-sufficiency. It stands as a social bulwark behind the individual or family in meeting needs which the community recognizes as basic but for which individual, family, or voluntarily effort have proved inadequate. It does this by assuring a minimum level of living, below which none need fall; extending social protection to those, like children or handicapped adults, requiring special care because of their helplessness; and offering guidance and specialized service to those with problems which the community recognizes to be at once serious and beyond their immediate power of personal solution.

III. *How public welfare serves the total community interest.*—Public welfare, by assuring basic social protection to individuals and families, serves the interests of all in the community and gives practical expression to the democratic principle that individual well-being is the source of community strength. Fundamental to its social purpose is recognition of the mutual obligations of citizen and State: the citizen to make his highest contribution to his own and the community welfare; the State to assist him in that effort and sustain him in time of need. Starting from the point of individual or family needs, public welfare undertakes to bring to those needs the full range of community services. This serves not only the individuals involved but also contributes to economic and social progress by easing the burdens of adjustment such progress may impose. It also contributes to political stability by minimizing the conditions in which destructive unrest can take root. Public welfare fosters social planning directed toward a better social environment for all. Public welfare often pioneers, moreover, in developing new services for particular groups which later become a part of the total public service. Through its efforts to prevent as well as meet social needs it contributes to social progress for all.

IV. *The relationship between public and voluntary welfare services.*—Public and voluntary welfare services contribute in complementary ways to a democratic society. The voluntary pooling of effort, money, skill, and devotion for humanitarian purposes is an important part of the religious and community tradition in such a free society. There is virtually no limit to the range of services which may be provided to meet particular needs on such a voluntary basis. Public welfare differs from voluntary welfare in that it functions within the framework of governmental authority: it extends to all who need it basic protection in those circumstances where the people, acting through government, have decided the public interest requires such provision. This protection may take the form of a direct governmental service or benefit; it may also take the form of assuring minimum standards in a nongovernmental service affecting persons requiring the protection of law.

Public welfare services, established by law, must be available on an equitable basis to all who need and qualify for them. This implies, however, no monopoly of function. On the contrary, voluntary welfare programs—in addition to their other values—inevitably reduce the demands on public welfare to the extent that they meet the needs of these individuals who seek and receive their services. Public welfare welcomes and encourages all measures—whether by individual effort, voluntary association, or government—which prevent or relieve the need for its services. Public welfare supports cooperative planning by all forces in a community to that end. Moreover, it recognizes that vigorous exercise of the right to provide and finance such service on a voluntary basis serves the cause

of progress by assuring diversity, experimentation, and a free choice of type of service by the individual citizen.

THE PUBLIC WELFARE PROGRAM

V. *The nature of public welfare services.*—Public welfare is essentially a service program. As such it involves the rendering of personal service by workers with special skill and knowledge. This service may be directed either to families and individuals with social or economic problems or to the community and its agencies in developing the aid needed to meet such problems. To the extend that these problems involve financial need, welfare service is accompanied by economic aid. Effective welfare service requires understanding of human needs and a knowledge of the full range of agencies, programs and resources available to meet them. Additional specialized knowledge and skills are required in some aspects of public welfare, such as child welfare services, medical care programs, work with the blind and with those who are otherwise severely handicapped.

VI. *The purposes served by public welfare services.*—The services rendered by a public welfare agency serve differing purposes and fall into five broad groups:

(*a*) Those which are necessary to bring together, either directly or by referral, the individual or family and a social program, such as financial assistance, health service, housing, rehabilitative services, or institutional care.

(*b*) Those in which the welfare agency exercises a protective function toward children or adults given into its legal custody by the courts or toward groups of persons placed under its care or supervision by law.

(*c*) Those which facilitate satisfactory relationships between individuals and the social environment in which they live.

(*d*) Those directed toward mobilizing and relating the total resources of the community to meet existing welfare needs.

(*e*) Those which seek to minimize and, wherever possible, prevent the conditions which create such welfare needs.

VII. *Types of economic aid.*—Many of the social and economic problems necessitating public welfare services contain elements of economic need. The family may have been deprived of its normal source of support or may not have the resources to finance a special needed service. In such cases welfare services may be accompanied by economic aid of one of the following types:

(*a*) Public assistance may be granted to individuals or families on the basis of their needs. Such assistance usually takes the form of a cash payment or medical care. Public assistance is the means of assuring income sufficient for that level of living which society is willing and financially able to provide for persons temporarily or permanently unable to secure it for themselves. While payments to individuals and families will vary with their specific needs and resources, the standards on which such payments are based should be objective, consistent, and understandable alike to the recipient and the public. Elements entering into the determination of the level of living which constitutes the standard of assistance are: the standard of living prevailing in the community; the basic requirements of all people for enough to eat, a decent place to live, sufficient clothing and other means to maintain an acceptable role in the community, and medical care where needed; and the special needs of children, the handicapped, the aged, and those who can be restored to self-support by a temporary investment of public funds.

(*b*) Payments may be made to those families, agencies, or institutions providing care for children or adults who are the responsibility of public welfare agencies. In such instances the welfare agency is utilizing established facilities for the purchase of a particular benefit or service for an individual who is its responsibility.

(*c*) The public welfare agency may itself operate institutions involving full- or part-time maintenance of those for whom public welfare has assumed responsibility whether by court commitment or voluntary action. Institutional welfare programs are usually a means to achieve some social purpose such as medical rehabilitation, retraining of delinquent children, nursing home care for the chronically ill, group care for the elderly, or specialized service for a scattered geographical group.

RIGHTS AND OBLIGATIONS INVOLVED IN PUBLIC WELFARE

VIII. *The principle of mutual aid.*—Public welfare services are based on the principle of mutual aid as fundamental to human society. To be as effective as

possible they must be carried out in an atmosphere of respect for individual rights, warmth toward people, understanding of society, and full knowledge of the specific programs which serve human needs. Persons receiving such services have an obligation to deal frankly and honestly with the agency, to exert all possible effort in the solution of their own problems, and to recognize the legal basis and limitations under law of a public program.

IX. *The right to fair and equitable treatment.*—Public welfare services should be available on an equitable basis to all persons who need and qualify for them. There should be no arbitrary restrictions based on age, sex, race, creed, residence, citizenship, or the cause of a situation of genuine need. Similar treatment should be accorded to persons in similar circumstances within a particular jurisdiction. Specific decisions of the agency should be subject to objective review on the appeal of the individual affected.

X. *The right to privacy.*—It is assumed that persons seeking aid from a public welfare agency wish knowledge or assistance which will help them solve their own problems and discharge their own responsibilities. Acceptance of such assistance should not reflect on the competence of those who receive it and should not affect their right to privacy in the management of their own affairs. The individual facts and records relating to such aid should be treated as confidential. Personal and family problems involving possible compulsion, such as desertion, nonsupport, or the removal of a child from his home, should be handled as with other citizens through the courts or other legal channels.

ADMINISTRATION

XI. *Respective responsibilities of State and Federal Governments.*—The primary responsibility for administering public welfare functions in the United States rests upon the States and their political subdivisions. The Federal Government, however, has an obligation to use its constitutional taxing power to equalize the financial base for public welfare and develop nationwide goals and standards. This is essentially in order that the guaranties and benefits of American citizenship may be available on a reasonably equitable and consistent basis throughout the country.

XII. *Administration by a single agency.*—Public welfare functions can be more efficiently and more satisfactorily administered by a single agency at each level of government. This arrangement contributes to a consistent philosophy of public welfare and an adequately comprehensive program. The person with a problem knows where to turn. The citizens, together with his elected representatives, knows whom to hold responsible for the carrying out of the program. All services, including those requiring special knowledge and special skill, should be centralized within this single agency.

XIII. *Public welfare personnel.*—The basic professional skills of public welfare are public administration and social work. Public welfare personnel should be selected, advanced, and retained on a basis of merit They should be qualified by professional competence, humanitarian convictions, and a high sense of responsibility toward those who seek and those who finance public welfare services.

XIV. *Responsibility for public funds.*—Public welfare funds should be expended only by a public agency responsible directly to those officials and representatives to whom the citizenry has delegated governing powers. Specific services or benefits may be purchased, however, from voluntary agencies, individuals, or other governmental units by the public welfare department in behalf of individuals for whim it is responsible. In this case a clear-cut agreement between the two parties will prevent misunderstanding and assure full protection both to the individual receiving the service and to the public in the use of public funds.

XV. *Public accountability.*—Public welfare, like all other governmental functions in a democracy, is public business. It, therefore, owes to the citizenry and its elected representatives the fullest accounting of its work. Such accounting, while protecting the privacy of individuals receiving public welfare services, should give the public full information regarding the policies, methods, purposes, and general expenditure breakdowns of the agency. Citizen participation through welfare boards, advisory committees, or other methods is also an essential part of this relationship

XVI. *Social research.*—Public welfare has a continuing responsibility for promoting research designed both to strengthen its own services and to help alleviate or prevent the conditions which result in the need for welfare services.

PREVENTION OF NEED

XVII. *Public welfare responsibility for the prevention of need.*—Welfare workers know better than any other group the cost in individual suffering and social loss of the dependency and social maladjustment with which they deal. They know also that these problems result all too frequently from society's failure to provide measures which would prevent their occurrence or continuance. For this reason the functions and concern of public welfare include—in addition to the preventive aspects of its own work—active advocacy of many other measures which prevent need and promote individual and social welfare.

XVIII. *The opportunity to work.*—Productive and reasonably compensated work is the best source of income for all those who are capable of such work and not occupied with other basic social responsibilities, like the care of young children. Opportunity for such work should be available to all in accordance with their capacities and without arbitrary restrictions based on sex, mature years, or other factors unrelated to their abilities. Employment opportunities can be encouraged by governmental and other community action in such fields as development of natural resources, the restoration of areas of diminished productivity, the stimulation of new sources of employment, technical and financial aid to farmers and other entrepreneurs, the setting of fair labor standards, vocational training and placement, and facilitated migration.

XIX. *Social insurance.*—Contributory social insurance has proved the best governmental method to assure maintenance of income for individuals and their families during periods when work is impossible or unavailable for them. Under this system contributions are made during employment which entitle the worker to cash benefits, paid as a mater of earned right without regard to individual economic circumstance, in periods when he can no longer work. Social insurance should cover all working people, should pay benefits adequate to maintain a decent minimum standard of living, and should protect against loss of earnings due to unemployment, disability, premature death of the family breadwinner, and retirement in old age.

XX. *Health measures.*—No condition is as costly in terms of individual, social, and economic loss as ill health and disability. Public welfare is, therefore, concerned with the advance of medical knowledge, the availability of health facilities and personnel, and the extension of public health services. Moreover, in order to assure an optimum standard of health, and restore to good health those suffering from illness or impairment the benefits of modern medical science must be available to all. To the extent that individuals cannot secure it for themselves governmental or other social measures should assure its availability.

XXI. *Special responsibilities toward children.*—Democracy has a special obligation to assure to the children who will become its future adult citizens the basic necessities for health, growth, and development. In addition to the opportunity to grow up in a home or group which can meet his physical, emotional, and spiritual needs, each child should be asured: healthful housing and environmental conditions, educational opportunity, medical care, facilities for recreation and cultural development, and acceptance on his merit in the community in which he lives.

Essentials of Public Child Welfare Services

A Statement Prepared by the Committee on Services to Children, American Public Welfare Association

Editorial Note

This publication is issued as a policy statement of the American Public Welfare Association in response to a long recognized need for a brief yet inclusive statement setting forth the underlying concepts and necessary elements of a sound program of public child-welfare services. It is a sense an extension of the general principles embodied in the basic policy statement of the association, Essentials of Public Welfare—A Statement of Principles.

Essentials of Public Child Welfare Services was prepared by the Committee on Services to Children. While it applies to a specialized field of public welfare, it is nevertheless broad and general with respect to child welfare services. It is therefore subject in turn to further expansion in specific areas. Here it should be noted that the association has already issued a statement on The Child Welfare Worker Job in the Public Welfare Agency, which, taken together with

the present statement, serves to define and clarify many of the factors that are of primary importance in establishing and maintaining adequate public child welfare services.

Essentials of Public Child Welfare Services should prove useful not only to administrators and technical specialists, but also to legislative bodies, boards and committees, schools of social work, and to the interested public.

INTRODUCTION

Among the acknowledged responsibilities of government in the United States are the advancement and preservation of the conditions which enable individuals and families to develop their full capacities for economic and social self-sufficiency, and the extension of protection against social disaster and physical want. The public welfare programs which have been developed over a period of many years are among the major instruments for discharging these responsibilities of government. The tax-supported welfare programs are thus a basic part of a wide constellation of services and agencies, both public and private, which safeguard and promote opportunities for constructive living for all members of society.

The objectives of the public child-welfare services are to help children in attaining the benefits of wholesome growth and development and the responsibilities of adult citizenhip, and to protect them from those social, economic, and emotional hazards to which their immaturity renders them especially vulnerable. Because of the interrelatedness of all aspects of public welfare, the responsibilities for extending help and protection to children are best carried out as an integrated part of the broad range of public welfare services. The purpose of this statement is to identify the major elements of a public child welfare program which are fundamental to the realization of these objectives.

LEGAL BASE

In the United States all governmental functions, including those of public welfare, are established by law. Public child-welfare services must therefore rest upon a legal foundation that is wisely conceived and technically sound. While specific responsibilities for the welfare of children should be defined within the legal framework, laws should be sufficiently broad and flexible to permit effective administration, continuing program development, and adaptation of services to changing conditions and needs. The legal base should provide in broad terms for overall structure and relationships, but the administrative authority should be free to devise the details of internal organization.

A public child-welfare program depends not only upon the organic law which defines its purpose and structure, but also upon related substantive law which determines the status, rights, responsibilities, and relationships of children and their parents; upon the laws which establish other services and procedures affecting children, such as adoption, custody and guardianship, termination of the parent-child relationship, and the licensing of child caring and placing agencies; and upon the laws on delinquency, dependency, and neglect. Similarly, the relationships between public welfare agencies and other agencies serving children, such as juvenile courts, schools, health agencies, veterans' agencies, and social insurance, are in their broad outlines defined by legislation. Thus the legal setting of public child-welfare services consists of a large body of laws which bear both directly and indirectly upon the child-serving agencies, all of which contribute significantly to the effectiveness of the program. Moreover, a sound legal base for a public child-welfare program must be fortified with financial support commensurate with the responsibilities and functions which are legislatively established.

ADMINISTRATION

In addition to sound comprehensive legislation and adequate financial support, a public child-welfare program should be carried out through administration that is efficient as well as humane. The methods and techniques of sound administration are as applicable to the humanitarian purposes of welfare services as they are in any other type of program operation. Administration must also be responsive to the needs of the children who are served and must make the most effective use of the resources available.

Dealing with the intricacies of human problems requires an understanding of the principles and knowledge which have been developed by the sciences of human

behavior, and a sincere belief in the dignity and worth of human beings. Maximum effectiveness in public child-welfare services requires professionally trained personnel in numbers sufficient to carry out the program for which the agency is responsible. Competent and adequate staff is, therefore, one of the essential elements of public child-welfare services.

PUBLIC UNDERSTANDING AND SUPPORT

Sympathetic and informed public understanding and support are prerequisite for effective public child-welfare services. There must be a general public awareness of the reasons for maintaining services, and a recognition of the elements that contribute to a sound program. This understanding must carry the conviction which results in positive support, not only for needed appropriations, but also for sound legislation, adequate staff, and for overall competence and enlightenment in administration and leadership. Child welfare agencies, in turn, have the responsibility to disseminate information regarding program operations and objectives, and to exercise leadership in facilitating the expression of public support for effective and adequate services. Such activities should be carried out as a matter of continuing policy by both State and local agencies, and should engage the participation of board members and of administrative, professional, and clerical staff.

STRUCTURE AND FUNCTION

The well-being of children is a proper concern of all levels of government, but the primary responsibility for administering public child-welfare functions in the United States rests upon the States and their political subdivisions. At the same time, the Federal Government has appropriately assumed responsibility for giving broad leadership in the development of programs; for providing technical and professional consultation; for collecting information and recommending standards; and for participating financially in the development and support of State and local programs serving children.

Within the States and Territories, public child-welfare services are administered through various patterns of agency structure and setting. In order to assure uniformity of coverage, the responsibility of State government for public child-welfare services should be placed in a single State agency. The allocation of functions between the State agency and local agencies is determined to some degree by the extent to which the program is State administered or is locally administered with State supervision. There are, however, certain broad areas of function that by their nature are appropriate to each level of government.

State agency

The State agency should have authority and responsibility for broad policy determination and for the development and encouragement of various services and programs for children. This responsibility includes making recommendations for needed legislation and for keeping the public informed regarding the present activities and changing requirements for programs serving children.

The State agency should have responsibility for the administration and allocation of funds which represent the financial participation of both the Federal and State governments in public child-welfare services.

The State agency should also have authority and responsibility for regulation and standard setting in order to assure minimum levels of service throughout the State whether under public or private auspices. This should include licensing and standard setting for the care and placement of children.

In addition, the State agency, generally, should perform those functions which are necessary to the operation of an effective public child-welfare program throughout the State, and which local agencies are, for practical purposes, less able to perform. These functions include: providing technical and professional consultation to both public and private agencies; maintaining personnel standards; conducting programs and providing leadership and materials for the improvement of skills and abilities of agency personnel; compiling and publishing reports regarding the operation of the public child welfare program; conducting research to determine the need for modifying the existing services or initiating new services; maintaining specialized services which are needed by children throughout the State and which cannot feasibly be provided by local agencies; developing liaison with other statewide agencies and organizations which have a relationship to public child-welfare services, and with public child-welfare agencies of other States; and serving as the State channel of communication with related Federal child-welfare services.

Local agency

Local public child-welfare agencies are variously organized and may serve large districts or single counties or municipalities. In the great majority of instances, however, the administrative unit is the county. In some States, the local agency is administratively an arm of the State agency. The distinguishing characteristic of the local public child-welfare agency lies in its primary function to provide direct services to, or in behalf of, individual children.

These direct public welfare services for children are designed to help alleviate individual conditions of physical, mental, emotional, economic, and social maladjustment arising from such factors as inadequate family care, homelessness, unsatisfactory neighborhood environment, physical, mental, and emotional handicaps and ill health. The day-by-day services are directed toward helping parents and children make the maximum use of their own potentialities in solving their problems. These services should be positive in their effect on the lives of individual children and on total community living. The primary objective of the child-welfare effort is to strengthen and preserve the family home as the dominant influence for wholesome growth and development in the life of each child. In those instances where foster care is necessary, for either a temporary or prolonged period, there must be assurance that the child will have substitute care, either in a family home or group placement, of a kind and quality which will best contribute to his wholesome growth and development toward stable and productive maturity. These basic public child-welfare services should be available when needed to all children in all political subdivisions regardless of the local administrative structure.

Local agencies should also have the responsibility for maintaining supporting functions which are similar in character to those of the State agency but which are local in in scope and application. Such functions include preparing reports and other information, planning to meet future program requirements, training and development of agency staff, and providing leadership toward meeting the welfare needs of the total community.

Related resources

Finally, there are many other resources for children which should be available, such as training schools, probation and parole services, group-care facilities, mental health clinic, and psychiatric treatment centers. These may be under the actual administration of a State or a local public-welfare agency, or other agencies both public and private. In all instances, however, they should work in close coordination with the other components of the total child-welfare program. Where they are not available or are inadequate, the State and the local public child-welfare agencies share the responsibility for encouraging the establishment and maintenance of these resources on an adequate basis.

CONCLUSION

The ever-increasing interest throughout the country in the well-being of all children is resulting in a growing understanding and realization of the necessity for public child-welfare services of good quality and adequate coverage. Too often, however there has not been an accompanying recognition or acceptance of the complex technical requirements which must also be met to achieve these objectives. These have been set forth in general terms in this statement.

Modern child-welfare services, both public and private, are an expression of the aspirations of society for all children and the minimum conditions of life that will be tolerated for any child. These values progress with the advancement of our total culture. Public child-welfare services must therefore have the vitality and the leadership not only to keep abreast of changing times but also to serve as an agent of constructive change.

THE PLACE OF REHABILITATION IN THE PUBLIC-WELFARE PROGRAM

A statement of policy by the American Public Welfare Association

The American Public Welfare Association, speaking for its membership, reaffirms that public-welfare departments have an obligation to assure essential rehabilitation services for their clients, and to participate in social planning aimed at the development and improvement of community rehabilitation programs.

Rehabilitation has been defined as the application of all the appropriate sciences and disciplines required to help persons handicapped by disease, disability, or social maladjustment to achieve the maximum feasible level of personal and social well-being and usefulness. It is in this broad sense of the term, which does not limit rehabilitation to a vocational objective and return to self-support, that public-welfare agencies have an increasing concern with rehabilitation services.

A major function of public-welfare programs is to assist individuals and families in finding the means to achieve economic, social, and personal self-sufficiency, including raising the level of capacity for self-care. To accomplish this, public welfare has an obligation for making certain that the total range of essential rehabilitation services is available to its clients. This obligation stems from public welfare's responsibility to provide needed help for the many handicapped and disabled persons seeking and receiving public-welfare services and to reduce, whenever possible, the number of persons dependent upon tax funds by helping such persons to become self-supporting.

MEDICAL CARE AND THE PREVENTION OF LONG-TERM DEPENDENCY

Public-welfare agencies, by providing a well-integrated program of medical care for public-assistance recipients and other medically needy persons, help to prevent the development of serious physical disability with its frequent consequences of long-term personal and financial dependency. Early detection of the onset of chronic illness through periodic and complete physical examinations is the first step in such prevention. Adequately financed and soundly administered programs of general medical care are essential in this preventive service, insofar as they help to restore sick persons to good health and to prevent residual or complicating disabilities.

Despite these services, there will be some recipients with handicapping disabilities. In this connection public-welfare agencies should regularly review their programs to determine whether the services of public and voluntary rehabilitation agencies, including the specialized services increasingly being offered by general hospitals, are being used and supplemented in all appropriate ways, and whether public-welfare policies and practices encourage full cooperation and a close working relationship with such agencies.

ADJUSTMENT AND OTHER SOCIAL SERVICES

Public and voluntary agencies established specifically to provide rehabilitation services generally concentrate their services on the physical restoration and training aspects of the rehabilitation process. Help in meeting the continuing problems of social and economic adjustment, to persons who have had these preparatory services, or help to their families while such services are being rendered to the individual, is usually the responsibility of community agencies other than the rehabilitation agency. The pattern for developing and sharing the responsibility for such social service is still being evolved, but in most communities throughout the country, local public-welfare agencies are the only source of the basic local social services which will fill this gap.

In addition, there are many public-welfare clients who do not need extensive medical care or vocational training or counseling, but who need social services in order to be able to accept employment or to achieve maximum self-sufficiency and personal effectiveness. Public-welfare agencies must therefore be prepared to offer such services as one aspect of the broad range of rehabilitation services required by their clients.

PUBLIC-WELFARE RESPONSIBILITY FOR REHABILITATION SERVICES

Furthermore, public-welfare agencies in many localities are the only resource for vocational rehabilitation services to those needy persons who cannot receive service through the federally aided program of vocational rehabilitation. The amount of Federal and State funds available for financing these programs has at times been insufficient to provide service for all applicants who would otherwise be eligible, so that public vocational rehabilitation services have sometimes been necessarily limited to the disabled who can be expected to show the greatest returns, in terms of earnings, for the smallest expenditure of funds. Individuals who fall in the group least feasible for a return to self-support, due to age or disabling conditions which are rapidly progressive or so substantially disabling that the person cannot be physically restored beyond the level of self-care, are ineligible for service in the Federal-State vocational rehabilitation program.

The provision of comprehensive rehabilitation services to such persons thus becomes a public-welfare responsibility, and expenditures from public-welfare funds are justified, when the purpose is to assure service which will restore public-welfare clients to the highest possible level of self-care or self-support.

ROLE OF PUBLIC-WELFARE DEPARTMENT

The public-welfare department's role, therefore, includes community planning and other forms of cooperation with all other agencies concerned with rehabilitation services; casework services which prepare the client for referral to appropriate rehabilitation services; helping with social, psychological, and financial problems of clients and their families arising during and after the rehabilitation process; providing and financing suitable rehabilitation services (which may include any combination of medical care, casework service, and vocational counseling, training, and placement) to clients not eligible for the Federal-State vocational rehabilitation program; and coordinating the rehabilitation services needed by the welfare client.

Mr. TRAMBURG. Thank you, Mr. Chairman.

At this time I should like to list briefly the Federal legislative objectives adopted by our Board of Directors in November 1955. There are 26 of them, and in the interest of time I would like to emphasize those pertaining to old-age and survivors insurance on page 5.

(The portion of the prepared statement not read, is as follows:)

These recommendations represent our considered judgment on social needs and feasible proposals in the light of our experience. A number of our recommendations are pertinent to the proposals pending before the committee today. They are as follows:

PUBLIC WELFARE PROGRAMS

Administration: 1. All aspects of the welfare program in which the Federal Government participates financially should be administered by a single agency at the local, State and Federal level.

2. The administration of the Children's Bureau at the Federal level should be maintained within the Social Security Administration.

3. Adequate and qualified personnel are essential in the administration of public-welfare programs. Federal funds should be provided to assist States in training professional staff for State and local public-welfare programs.

Scope of program: 4. Federal grants-in-aid to the States should recognize the comprehensive nature of public welfare responsibility by aiding the States in providing financial assistance and service not only for the aged, the blind, the disabled, and dependent children, but also for all other needy persons.

5. Public-welfare programs should provide preventive, protective, and rehabilitative services to all who need them. The provisions of the public-assistance titles of the Social Security Act should be clarified to indicate that:

(*a*) Maintenance and preservation of family life, self-support, self-care, prevention, and rehabilitation are objectives of the assistance programs;

(*b*) Federal funds may be used to match State and local funds to carry out these objectives.

6. The category of aid to the permanently and totally disabled should be broadened through eliminating the restriction requiring a disability to be permanent and total and eliminating the age requirement.

7. The aid-to-dependent children program should be broadened (*a*) by eliminating the school attendance requirement for children 16–18 years of age; and (*b*) by providing Federal aid for a needy child living with any relative or a person having direct legal custody.

8. Specific provision should be made for Federal financial participation in the maintenance of children who require foster care.

9. Restrictions limiting use of Child Welfare Services funds to rural areas and areas of special need should be removed and allotments should be related to the total child population of each State.

10. Federal assistance should be made available to the States in programs for the prevention and treatment of juvenile delinquency.

11. The Federal Government should participate financially only in those assistance and other welfare programs which are available to all persons within the State who are otherwise eligible without regard to residence, settlement, or citizenship requirements.

Methods of financing programs: 12. The continuation of a Federal open-end appropriation is essential to a sound State-Federal fiscal partnership in the field of public assistance. Since it is not possible to predict accurately the incidence and areas of need, flexibility is necessary in financing public-assistance programs.

13. Federal participation should be on an equalization grant formula provided by law and applicable to assistance, welfare services—including child welfare—and administrative expense.

14. No change in the present Federal matching formula which would effect a reduction in the Federal share of assistance payments is desirable or advisable at this time.

15. The Federal Government should not reduce the present matching formula or financial participation in State administrative costs for public assistance and should extend this formula to preventive, protective, and rehabilitative services.

16. Maximums on individual assistance payments should be removed. So long as Federal legislation sets maximums on Federal participation in public-assistance payments, such Federal financial participation should be related to the average payment per recipient rather than to payments to individual recipients.

17. Because of the large numbers of public-welfare clients needing medical care, the uneven incidence of the need for medical care, and the high and unpredictable costs for such care, the Federal Government should share such costs with the States on a basis not restricted by ceilings on individual payments established for the maintenance grants.

18. The McFarland amendment should be extended after September 30, 1956.

19. Federal aid for public assistance to Puerto Rico and the Virgin Islands should be on the same basis as for other jurisdictions.

20. The amount authorized for Child Welfare Services should be increased and the full amount authorized should be appropriated in fact.

21. Provision should be made in the law for redistribution of child-welfare funds so that funds not used by a State in any year could be redistributed to other States or could be made available to that State the following year.

22. Federal legislation should provide for repatriation of American nationals from abroad in need of assistance.

SOCIAL INSURANCE PROGRAMS

23. The contributory old-age and survivors' insurance program, as a preferable means of meeting needs of people and for reducing the need for public assistance to a minimum, should be strengthened: (*a*) With respect to extension of coverage; (*b*) With respect to the adequacy of benefit payments; (*c*) Through the provision of disability benefits.

24. Establishment of an Advisory Council on OASI is desirable for the program.

25. Adequate and qualified personnel are essential in the administration of the OASI program. Federal funds should be provided for the training of professional staff.

26. Unemployment insurance: The unemployment-insurance program should be strengthened with respect to: (*a*) Extension of coverage; (*b*) Adequacy of benefit payments; (*c*) Less restrictive qualifications.

Now, as to public welfare today, before I comment in detail on specific proposals, I would like to point out that State and local public-welfare agencies are responsible today for expending over $3 billion a year and for providing assistance to 5,700,000 persons each month.

You will pardon me if I say that based on this experience we feel we are as well qualified as anyone to testify on social-security matters. We administer among other programs, old-age assistance, aid to the permanently and totally disabled, aid to the needy blind, aid to dependent children, and child welfare services. Several of the State public welfare agencies administer the disability freeze provisions of the OASI program.

This association is committed to the principles of doing everything reasonably possible to reduce the assistance rolls to the absolute minimum consistent with the welfare of the assistant recipients. It is for this reason that we have supported the extensions and improvements in OASI and unemployment insurance which have been made in the past and that we now urge that further steps be taken to strengthen the OASI program at this time.

Disability insurance: We strongly endorse the provision of H. R. 7225 providing for insurance to persons who are totally disabled for an extended period of time. We have studied the proposal for disability insurance benefits for over 15 years and we believe it is a desirable and necessary addition to the program and is administratively feasible.

As Commissioner of Social Security I had the opportunity to become familiar with the vast amount of research and actuarial studies which the Social Security Administration has undertaken during the past 17 years on the subject of disability insurance benefits.

The staff of the Social Security Administration has investigated every possible angle of this subject, such as the experience of private insurance companies and the experience of foreign countries in the administration of disability benefits; they have studied the disability benefits experience of the Railroad Retirement Board and other Government agencies; they have studied and looked into the possible ways of administering a sound and efficient disability insurance benefit program.

While Commissoner of Social Security I was responsible for the early stages of planning the administration of the disability freeze which your committee included in the 1954 social-security amendments. I know each of the officials responsible for the administration of the disability freeze program.

I am willing to say that they are as able and conscientious a group of public officials as can be found and in their hands the basic planning of the disability insurance benefit program will be wisely and efficiently carried out.

From time to time some groups have expressed doubt as to the feasibility of making medical determinations of disability. We do not need to discuss this issue on a theoretical basis. Various Federal and State agencies are now making medical determinations of disability—and making them soundly—with the advice and cooperation of the medical profession and other qualified professional groups. I am convinced that no further research needs to be undertaken in order to establish the feasibility of making medical determinations; over a million persons have been medically determined to be disabled and are now receiving long-term disability benefits. And there has been no interference, through these programs, with the private practice of medicine.

May I also point out that in 1948, after a long and careful study, the Advisory Council on Social Security to the Senate Finance Committee by a 15-to-2 vote recommended the payment of disability-insurance benefits. We believe, therefore, that on the basis of these studies and experience there is sufficient knowledge to justify enacting disability insurance benefits at this time.

Costs of disability insurance: The American Public Welfare Association is well aware that the inauguration of disability-insurance benefits will increase the costs of the OASI system. We believe, from our personal contacts and experiences, that the overwhelming majority of the American people are willing to shoulder these costs. In our opinion there would be less opposition to an increase in social-security taxes if disability benefits are added than to any other existing tax.

In evaluating costs, I trust the committee will keep in mind that unless disability-insurance benefits are added to OASI, the costs of disability assistance under title XIV of the Social Security Act are bound to continue to increase due to the growth in the population and the increasing proportion of older persons with illness or disability.

There is no escaping the fact that the general revenues of Federal, State, and local governments will have to bear a very substantial burden for making payments to disabled persons on the assistance rolls. This burden can be reduced somewhat if disability-insurance benefits are enacted. We believe it would be preferable for as many disabled persons as possible to receive their benefits under the insurance program rather than through public assistance.

Disabled children: We support the provision in the bill providing for the continuation after age 18 of insurance benefits of children who became disabled prior to age 18. Since these individuals have already been receiving insurance benefits we believe that family life would be best served by continuing the insurance benefit for the small number of children involved.

Extension of coverage: We favor the provisions in the bill extending the coverage of the OASI program, which we believe should be universal.

Advisory Council on Social Security: We endorse the provision in the bill for the establishment of periodic advisory councils on social security. We believe, however, that this section of the bill should be broadened to provide that the councils shall consider any questions on social security submitted by the chairman of the Senate Finance Committee, the chairman of the House Committee on Ways and Means, or the Secretary of the Department of Health, Education, and Welfare. In this way the councils can contribute their advice on matters of current practical interest in the social-security field.

Just a word or two on public assistance. There are a number of improvements which are necessary in the public-assistance provisions of the social-security program. We wish to commend Senator Martin for introducing S. 3139, the public assistance amendments of 1956, which in a number of important respects moves in the direction of the association's legislative objectives. In our comments on public assistance we will make further reference to specific provisions in Senator Martin's bill.

Aid to dependent children: We endorse the proposals made by the President in his state of the Union message for extension of the aid to dependent children provisions in title IV of the Social Security Act. There is an urgent need to broaden the coverage of the ADC program. Title IV of S. 3139 would be an important step forward in improving the ADC program.

In addition to eliminating the school attendance requirement for children 16 to 18 years of age, we believe that the proposal should be broadened to cover a needy child living with any relative—as that term is defined by a State—or with any person having direct legal custody of the child. When a court finds it desirable to give custody of a needy child to a nonrelative, under present law ADC funds cannot be used to support the child.

This may be difficult or even impossible if no other funds are available to support the child. In the interests of the child, Federal and State ADC funds should be available for this purpose.

The number of cases and the cost are negligible but the needed flexibility should be included in the Federal law in order to assure that the States and the courts can undertake the best plan for the protection of the child and the family. This recommendation is specifically embodied in proposal No. 7 of the American Public Welfare Association's Federal legislative objectives.

Medical care: In his budget message of January 16, 1956, the President recommended that—

> special provision should be made for improving medical care of public-assistance recipients through legislation to permit separate Federal matching of State and local expenditures for this purpose.

Many persons on public assistance are not now receiving adequate medical care because the maximums on Federal financial participation are too low to include the cost of essential medical care.

A statement of principles concerning tax-supported personal health services for the needy, approved in 1955 by the governing bodies of the American Dental Association, the American Hospital Associa-

tion, the American Public Health Association, and the American Public Welfare Association, states:

> The financing of such health services should be assumed by the appropriate unit of government, local or State, supplemented by funds from higher governmental authorities in order to assure adequate services.

In title I of S. 3139 provision is made for separate Federal financial participation in the costs of medical care of public-assistance recipients. We support this principle. However, we believe the suggested $6 to $3 monthly maximums are too low in terms of present-day medical costs and the great medical needs of persons on the public-assistance rolls.

The $6 to $3 figures were first included in the recommendations of the Advisory Council on Social Security to the Senate Committee on Finance in 1948. Medical costs for the population as a whole have risen approximately 30 percent since that time and are still rising.

Medical costs for public-assistance recipients have increased even more rapidly. Consequently, we believe an $8 to $4 monthly maximum would be more realistic and appropriate under present circumstances. Even this is too low to provide medical care for the chronically ill among the aged and disabled but it would make it possible for the States and localities to meet more nearly the serious medical problems of our needy, aged persons.

We endorse the provision of section 105 of S. 3139 for the establishment of an Advisory Council on Medical Care for public-assistance recipients.

Self-support and self-care: The President recommended in his budget message that—

> The Federal Government should also do more to assist the States to adopt preventive measures which will reduce need and increase self-help among those who depend upon public welfare.

We endorse the President's recommendation. We believe that the self-support and self-care provisions contained in ttile III of S. 3139 would accomplish this purpose.

Experience has amply demonstrated that money grants are not the complete answer to rehabilitating families which have become dependent because of many complex social and personal factors. We are especially gratified with that part of the proposal which amends the ADC title of the Social Security Act to indicate that one of the purposes of the program is to help strengthen family life. We concur in Secretary Folsom's statement that—

> There is much that can be accomplished among public-assistance recipients to return some to self-support, to enable some to care for themselves, and to help rebuild family life for children whose home life is threatened by desertion or the incapacity of a parent.

Now, a word on training of public-welfare personnel:

Section 705 of S. 3139 is an important step in the direction of establishing Federal grants for the training of public-welfare personnel in the public-assistance programs. We endorse the principle of providing Federal grants for this purpose.

Out of our long and intimate experience in the administration of the public-assistance programs we well recognize the importance of having trained, skilled, and sufficient personnel.

The magnitude and complexity of the public-assistance programs require trained and competent stac. To accomplish the objectives of our public-assistance programs and to administer them in an efficient and effective manner compatible with the interests of the public-assistance recipients and the taxpayers, we believe that a modest expenditure of funds for the training of personnel is a wise and timely investment.

The principle of appropriating Federal funds for grants for the training of personnel has been adopted by the Congress in the public-health and vocational rehabilitation programs. We believe that it is sound to apply the same principle to the public-assistance programs.

Cooperative research or demonstration projects: To learn more about the causes of dependency and to find more effective means of dealing with dependency, section 601 of S. 3139 provides authorization for cooperative research or demonstration projects in the public-welfare and social-security program. We endorse this provision of the bill.

Puerto Rico and the Virgin Islands: Title V of S. 3139 provides for increasing by 25 percent the dollar limitations on Federal funds for Puerto Rico and the Virgin Islands. We believe as stated in item 19 of our legislative objectives that—

Federal aid for public assistance to Puerto Rico and the Virgin Islands should be on the same basis as for other jurisdictions.

We urge this committee to recommend repeal of the present provisions of law enacted in 1950 which discriminate against Puerto Rico and the Virgin Islands.

Under the existing Federal law, the Federal financial share for Puerto Rico and the Virgin Islands is not only lower than it is for the States, Alaska, and Hawaii, but in addition, there is an overriding dollar maximum on the amount of Federal funds each of these jurisdictions can receive. This is a feature of the law which applies to no other jurisdictions. The maximum amount of Federal funds is $4,250,000 a year for Puerto Rico and $160,000 a year for the Virgin Islands.

Experience has demonstrated the unrealistic character of these arbitrary amounts. Both Puerto Rico and the Virgin Islands have demonstrated these past 5 years that they have cooperated fully in the program as Congress intended and are administering the program in accordance with the law. We believe that it would be appropriate and timely for Congress to provide that Federal aid for public assistance to Puerto Rico and the Virgin Islands should be on the same basis as for other jurisdictions.

Changes in Federal matching formula:

Senator MARTIN. Isn't it true, Mr. Tramburg, that we refund all Federal taxes to Puerto Rico?

Mr. TRAMBURG. That is correct.

Senator MARTIN. And that is one of the reasons for this difference, we refund all Federal taxes to Puerto Rico. And that was taken into consideration when this was done.

Mr. TRAMBURG. The President made two recommendations regarding the formula for determining the Federal share of public assistance payments.

First, he recommended that the present formula—usually referred to as the McFarland amendment—which expires on September 30, 1956, be temporarily extended. Section 202 of S. 3139 extends the formula to June 30, 1959.

Second, the President recommended that the Federal share of old-age assistance be reduced to 50 percent for those cases in which old-age-assistance payments are being made by the States to OASI beneficiaries who are added to the assistance rolls after the fiscal year 1957. This recommendation is incorporated in section 201 of S. 3139.

The American Public Welfare Association for several years has given careful consideration to these two proposals. The State welfare administrators, our various committees, and our board of directors have discussed them on numerous occasions.

With regard to the recommendation to reduce the Federal share for all new OAA cases receiving OASI benefits, this type of proposal has been considered by the Congress since 1950 and its administrative and policy defects have been so apparent that neither the Congress nor the States have received it with approval. The Kestnbaum Commission on Intergovernmental Relations studied this proposal but did not recommend it.

The proposal would require the States to set up a whole separate system of accounting for these cases, the burden of which would fall upon already overworked staffs. But of even greater importance is the fact that the proposal singles out only OASI beneficiaries for this discriminatory treatment.

If the idea is sound, why shouldn't it apply to beneficiaries of all Federal retirement and pension systems including the veteran's program and the railroad retirement system? And, why shouldn't it apply to beneficiaries of all private pension plans which are indirectly subsidized by the Federal Treasury through tax exemptions for employer contributions to such plans?

With regard to the McFarland amendment, we would like to point out that the Federal maximums are related to individual payments rather than to an average payment. It is our firm conviction that if Federal legislation continues to set maximums on Federal participation in public-assistance payments, then the participation should be related to the average payment per recipient, rather than to payments to individual recipients.

We recommend, too, that the present public-assistance formula should be extended on a permanent basis. The temporary basis and any short extension of the formula only serve to complicate the bookkeeping and budgeting of both State and Federal officials and make a lot of unnecessary paperwork and endless confusion.

One last word on child welfare. I should like to say a special word about children, particularly about the present limitations of the child-welfare provisions of the Social Security Act. The well-being of the Nation's children is a primary concern of the public welfare agencies. Programs serving this objective constitute a significant aspect of public welfare.

Great concern is felt today with respect to the seriousness of juvenile delinquency, and additional services have been developed in the Federal Government to help the States and localities in dealing with this problem. Bills are now before Congress proposing even greater help

from the Federal Government. Public welfare shares this concern. Much of what we do is related to this problem, and we believe we should be doing more.

But even more fundamental, in our opinion, are the needs of a larger group of children. These are the children who are growing up in situations which are inimical to their wholesome growth and development and who need the protection and guidance and security which can be provided through well-established child-welfare services. Moreover, when such services are adequately maintained, they become effective measures in the prevention of delinquency because they enable more children to live wholesome, normal lives.

Under title V of the Social Security Act the Federal Government provides grants to States to assist them in extending and developing their services in child welfare. While the 1950 amendments to the Social Security Act authorized an annual appropriation of $10 million for allocation to the States for child welfare services, the amount actually appropriated has never exceeded $7.3 million. However, the number of children and the costs of providing these services have materially increased since 1950. Our best estimate is that the child-welfare authorization should be increased to $15 million beginning with the next fiscal year in order to plan for the expansion of child-welfare services which are so urgently needed, and I might add, in keeping with our birthrate.

The present Federal grants to the States, while accounting for only a small fraction of the total expenditures for this purpose, have been of inestimable value in stimulating and encouraging the States to improve their services. But much remains to be done. The problems are so urgent, and the child population is increasing so rapidly, that we wish to emphasize the importance of increasing the amount of grants for child-welfare services.

In addition, we believe that restrictions limiting use of child-welfare services funds to rural areas and areas of special need should be removed and allotments should be related to the total child population of each State. These restrictions in the existing law have hindered the development of well-balanced statewide child-welfare programs. We believe that these restrictions should be eliminated because they are unnecessary interference with the administrative responsibility of State governments.

In conclusion, members of the American Public Welfare Association each day deal with thousands of needy persons and families who apply for assistance and service. They know intimately the problems of needy and troubled people at first hand. They are keenly aware of the difficulties in meeting the welfare needs of a population which is growing at a rate of 2½ million a year.

We are full working partners in the Federal-State program of public welfare and we have a large stake in the successful administration of our entire social-security program.

We believe that the experience of the past 20 years has demonstrated the basic soundness of the old-age and survivors insurance, public assistance, and child-welfare service programs. But we believe that this experience has also demonstrated that there are gaps which need correcting.

It is for this reason that I am here today to reaffirm the position of our association that a well-rounded social-security system is basic to the welfare of the people of the Nation.

We therefore urge that you give favorable consideration to the enactment of social-security improvements at this session of Congress.

And on behalf of the association and its many members, Mr. Chairman and members of the committee, I want to thank you for hearing us.

The CHAIRMAN. Thank you, Mr. Tramburg. You have made a clear statement.

You have stated that there are a million people that are receiving disability benefits?

Mr. TRAMBURG. That is the best list we could get.

The CHAIRMAN. Have you got a list of the various agencies that perform that work?

Mr. TRAMBURG. I am sure the Social Security Administration has.

The CHAIRMAN. But your office hasn't got it?

Mr. TRAMBURG. I think we have it at the central office, it was acquired through the Social Security Administration.

Senator WILLIAMS. Have you made any estimate of the added cost of the extension of these programs?

Mr. TRAMBURG. We haven't attempted to try to outguess the actuary of the Social Security Administration, Senator, no, sir; we haven't on our own. We have noted from time to time that his estimates have always been a little bit high.

Senator WILLIAMS. What was his estimate?

Mr. TRAMBURG. I believe that his estimate on the disability ran to——

The CHAIRMAN. About four or five hundred million; wasn't it?

Mr. TRAMBURG. The premium rate was under one-half of 1 percent, wasn't it, 0.436, something like that?

Senator WILLIAMS. I understand that in your capacity while serving with the social security, you studied this problem and how it had been operating in conjunction with some of the other Federal retirement systems which had administered it.

Mr. TRAMBURG. The staff of the Social Security Administration has studied this over a period of years. I personally did not. But I know that the old-age and survivors people have for a long time watched with interest this part of the program.

Senator WILLIAMS. What was their experience as to the precentage cost of these programs?

Mr. TRAMBURG. I am afraid you would have to get that from them.

Senator WILLIAMS. Somebody made a statement that it ran as high as 2½ percent, and I wondered if that was accurate.

Mr. TRAMBURG. I would question it, sir.

Senator WILLIAMS. In your study you never approached that question, at all, as to the cost?

Mr. TRAMBURG. Yes, the people in the Bureau of Old-Age and Survivors Insurance did, sir, and I am sure they could supply you with the figures.

Senator WILLIAMS. They didn't relay that information to you?

Mr. TRAMBURG. I was not there.

Senator WILLIAMS. I meant at the time.

Mr. TRAMBURG. Yes, I had access to the figure, but I would hate to quote from memory. There may be somebody here from the Commissioner's office who would give you a positive answer on that.

Senator WILLIAMS. Would you recommend that the benefits under this program be restricted to American citizens only?

Mr. TRAMBURG. I think that is a difficult question, Senator. I always try to apply these things to myself. Supposing I went overseas and lived in another country after I had earned a right to a retirement benefit, and perhaps took up citizenship in that country—I would think we had almost a moral obligation to pay that person for his part of the contributions and participation in covered employment.

Senator WILLIAMS. I wasn't speaking of that type of case. I was wondering, do you approve of allowing foreign citizens to qualify under the program at a time when they are not citizens of the country.

Mr. TRAMBURG. If they are workers in covered employment, I wouldn't know how you could exclude them, really, unless you specifically said they would not be covered persons, and therefore, not make a contribution.

Senator WILLIAMS. Do you know of any other—and I am asking this for information—Do you know of any other country wherein an American citizen can qualify under a retirement system operated by that country?

Mr. TRAMBURG. I am sorry, sir, I don't believe I can answer that factually for you.

Senator MARTIN. We are all, as Americans, very much interested in the care of those that have been unfortunate. But the matter of financing in America has become a very serious problem. We now, for State, local, and Federal purposes, take 27 percent of the earnings of every citizen for governmental purposes, I mean, in taxes. Have you given any thought to the methods by which this cost might be reduced, and still we could give better service to those who are in unfortunate circumstances?

Mr. TRAMBURG. Yes, sir; Senator Martin. We believe that if families can be kept from breaking up and kept living together that the difference in the cost of caring for them as a unit compared with institutionalization costs are much smaller. We believe that the place for children to grow up, for example, is in their own home, or in a substitute home, if possible.

Senator MARTIN. I am fully in agreement with that. Do you think that that plan could be worked out by volunteers?

We used to have in the Commonwealth of Pennsylvania, what they called mothers' assistants. And it was administered by a committee of fine women from each county. I think it worked out very well, although some of the professional welfare people came along and said that it was all outmoded.

But it did keep the family together, and the cost wasn't very burdensome. And I think it performed a wonderful service, because where the father may become incapacitated, if the mother can have a little help and keep that family in a home I think, of course, that is America.

Now, our Pennsylvania Dutch in Pennsylvania do that. You see, they won't accept any governmental help. They do that. And they are doing a magnificent job. And where there is an unfortunate

person in their community the family is kept together, and those boys and girls become self-supporting.

Now, have you given any thought that probably these things would be better if all of them would be administered from the local level—I mean by that the county and city level?

Mr. TRAMBURG. Well, I couldn't agree with you more, Senator, that it would be better to get the services to the local areas where the people live. And I think that anyone who entertains the idea that it is only the public welfare programs that can help is kidding himself, because I am sure that you will find that in a great many jurisdictions, whether it be county, municipal or State, people in the public and private fields are working more and more together than they ever have in the past, because the problem that is presenting itself to them today of this evergrowing population of both children and aged is stretching all of our imagination and ingenuity and financing. And we are concerned about looking ahead when we see the population in these two groups growing still bigger, and knowing that the incidents of costly care will grow, and how can we handle it, and how can we finance it. And it is a perlexing problem. And we in the American Public Welfare Association are not unmindful of these dollars that are spent. I am sure I speak for a great many of them when I say that we wish we could reduce it and find some way to care for the people.

Senator MARTIN. I have great admiration for men doing the work that you are doing. But I do hope that you will give consideration to methods of decreasing the cost, and at the same time increase the welfare side of it. I am getting awfully worried that this thing may become such a monster in cost that it will break of its own weight. We are not an infallible country by any means. I am going to make the statement tonight that while we have been a Nation for 180 years, nevertheless our Government is still an experiment. And the financing of any government is the thing that finally destroys it. It is not invading armies, nor is it bombs, it is internal failure to appreciate that somebody has to pay these bills, and that we are all responsible, because it is we the people.

And I wish you would—I am not saying these things to be critical of you, because you are doing a fine job—but I do hope that all of you will give consideration to the cost, and how we may be able to reduce it, because cost of government in America is becoming astounding.

Mr. Chairman, excuse me for this interruption.

But if it continues to grow in the next 25 years—I mean if the cost of Government continues to grow in the next 25 years as it has in the last 25 years—we will be taking 50 percent of the earnings of everybody for Government, and we will be socialized. We won't vote socialism in America, but we are gradually going toward it.

Now, I hate to be an alarmist, but I am so interested in keeping America, because the world is depending on America. And I hope you will give that a lot of consideration as to the cost.

Mr. TRAMBURG. May I make a statement, Mr. Chairman?

The CHAIRMAN. Yes, sir.

Mr. TRAMBURG. I hope you gentlemen will pardon us in the public-welfare field if we do appear to be asking for additional help, because you can't sit in our offices and visit in our field offices and our com-

munities and see this group of citizens who come in and who need some sort of care, whether it is mental health or whether it is assistance or children without homes, and not have it affect you. It is an appeal of human beings who by and large can't speak for themselves. They are down and out. And I suppose that it is like people who want to eradicate ill health and germs and infections, all of them want to do more to make it a better life. And I hope you will pardon us if we seem to be overzealous. But it is based on this constant scene passing in front of us, of people who are in need of some kind of care and who can't provide it through any means of their own.

Senator MARTIN. I think we appreciate that fully. But all of us sitting here, our desks are crowded with communications from one group who want more money spent for national defense, another group who want money spent for roads but they don't want to impose taxes to pay for those roads; others want flood control, but they don't want to put up any money to take care of it. We just have dozens and dozens of different things. And I don't get any letters to keep down the cost of the Government; it is to increase it. And then if the Government goes into some kind of work someplace that they can very well get along without, and it discharges a hundred workmen, the United States Senator and the Congressmen go into the departments and oppose it. We have got to remember this Government is we the people, and we are paying the bills. And after the bills get so big we become socialistic.

I didn't sleep so well last night.

The CHAIRMAN. Any further questions?

Senator CARLSON. Just one.

Mr. Tramburg, I notice that you suggest that we take the amendments of the 1950 Social Security Act which authorize $10 million for child-welfare services and increase that to $15 million, despite the fact that you stated we have only used $7.3 million. Would it do any good for this committee and the Congress to increase that to $15 million unless we remove some restrictions on the States? What should that be?

Mr. TRAMBURG. Actually only 7.3 million has been appropriated out of the ceiling of 10.

Senator CARLSON. Is that because the States could not or did not use any more than that?

Mr. TRAMBURG. There was a time that they didn't use that, now they are using up to that with this increased number of children. But there has never been 10 million appropriated. Based on our increase in population, if we are going to keep about the same range and standard, that would be in our opinion what it would call for. But they have never had the full $10 million.

Senator CARLSON. Could the States use $15 million under the present restrictions?

Mr. TRAMBURG. I am sure they could, when they get going in the problems that face them in the care of children.

Senator CARLSON. That is all.

The CHAIRMAN. Any further questions?

Thank you very much, Mr. Tramburg.

Senator Malone.

Senator MALONE. I have a communication from Mrs. Barbara C. Coughlan, director of the Nevada State Welfare Department. She wishes these included in the record.

I want to say, Mr. Chairman, Mrs. Coughlan has made a very efficient and reliable director of the State welfare department. And she has made some commonsense suggestions. In one of these she says:

> Because of a recent experience in Nevada which is still fresh in mind, it is respectfully requested that no reduction be made in the basis of Federal financial participation in the public assistance programs unless and until the States have had ample opportunity to prepare for such change. Now pending is a provision of S. 3139 and H. R. 9091 which would reduce Federal matching from the present formula to the straight 50–50 basis on new old-age assistance cases where the aged person is also receiving old-age and survivor's insurance benefits.

I think it is a commonsense suggestion that the States be allowed to meet whatever change we make.

I would say further for Mrs. Coughlan, she has been very efficient in our State, and has studied the question very thoroughly. And I ask permission not only to include her statement but a letter I have received from her dated February 22, and my answer of February 24.

(The CHAIRMAN. Without objection, the insertion may be made.

(The documents referred to are as follows:)

NEVADA STATE WELFARE DEPARTMENT,
Reno, Nev., February 22, 1956.

Hon. GEORGE W. MALONE,
United States Senate,
Senate Office Building,
Washington 25, D. C.

DEAR SENATOR MALONE: I am sorry that we did not get to talk further at the time of your recent visit to Nevada, but I know how busy you are during such trips. One of the matters I had hoped to discuss with you was hte possibility of your being one of the sponsors to the proposed amendment to H. R. 7225, introduced in the Senate by Senators Long and George on February 10. The amendment was left open for 1 week to afford Senators, who may have so desired, an adequate opportunity to add their names as cosponsors. I thought it likely that you would be interested in this proposal to increase the amount of Federal participation in order to provide more adequate payments under the old-age assistance program. The current special session of the legislature has been seriously concerned with this problem and a $5 average increase from State funds is anticipated for passage at this session. Many of the legislators recognize need for a $10 increase, but the majority seemed to feel the State is unable to afford to finance more than a $5 average increase. If the Federal participation is increased and added to the anticipated State funds, it would make possible an old-age assistance payment more nearly commensurate with the high cost of living in this State. For your information Nevada at present ranks 23d in the list of States in order of average old-age assistance payments. This is in sharp contrast to our No. 1 rank in average per capita income.

Enclosed are two copies of testimony which you so kindly agreed to introduce before the Senate Finance Committee on February 28, 1956. In accordance with the letter dated February 13, 1956, from Alice S. Wahler of your office, I am forwarding a supply of copies of this statement to the clerk of the Senate Finance Committee—Mrs. Elizabeth Springer.

Your cooperation in this matter is very greatly appreciated.

Sincerely yours,

(MRS.) BARBARA C. COUGHLAN,
State Director.

STATEMENT OF MRS. BARBARA C. COUGHLAN, DIRECTOR, NEVADA STATE WELFARE DEPARTMENT

My name is Barbara C. Coughlan. I am director of the Nevada State Welfare Department. I very much appreciate the cooperation of the Honorable George

H. Malone, United States Senator from the State of Nevada, and member of the Senate Finance Committee, in introducing this testimony regarding the effect of the provisions of H. R. 7225 and other pending amendments to the Social Security Act on the welfare of Nevada. It is respectfully requested that the following testimony be made part of the record.

DISABILITY BENEFITS

The enactment of the so-called disability freeze in 1954 shows that effect of disability on the earning power of workers was recognized by Congress, but this was only a halfway measure since no insurance benefits were provided for the disabled worker at that time. This serious omission creates untold hardship which we in public welfare programs are in a position to observe firsthand. As one illustration, in Nevada, with one of the highest tuberculosis rates in the country we see workers prematurely retired because of this disease, for whom no adequate provision is made. The State workmen's compensation program provides in some measure for work-connected disabilities, but the extent to which it does so is related to such factors as the definition of occupational diseases which limits coverage, as well as maximums imposed on the total payments which can be made. For example the present maximum compensation payable on account of silicosis is limited to $5,000. When this amount is exhausted, the individual usually is dependent on public aid. Nevada does not have a program of aid to the permanently and totally disabled, so, unless the person falls within one of the categories of old-age assistance, aid to the blind or aid to dependent children (as an incapacitated parent), the only relief available is from county general assistance. County relief is not often given in cash but rather in the form of commodities or rent and grocery orders. We believe a disabled worker is entitled to cash benefits in order to enable him to live in dignity as other members of the community. Likewise a disabled child, who is the survivor or dependent of an insured worker but who may never be able to earn his own living, is entitled to receive insurance benefits beyond the age of 18.

The necessary financing to pay disability benefits should come from the payroll tax as proposed, since the relationship between disability and the social insurance system has already been established through the freeze provision. The disabled worker must be provided for in one way or another. Public welfare workers universally agree that the contributory insurance method is preferable to public assistance from all standpoints.

It is understood that additional proposals in the way of amendments to the Social Security Act have come before this committe. At this time, therefore, I would appreciate the opportunity of commenting on such proposals as they affect the public assistance and child-welfare services programs of the States.

PUBLIC ASSISTANCE

First of all, because of a recent experience in Nevada which is still fresh in mind, it is respectfully requested that no reduction be made in the basis of Federal financial participation in the public assistance programs unless and until the States have had ample opportunity to prepare for such change. Now pending is a provision of S. 3139 and H. R. 9091 which would reduce Federal matching from the present formula to a straight 50–50 basis on new old-age assistance cases where the aged person is also receiving old age and survivors insurance benefits. The eventual loss in Federal funds to this State would be in the hundreds of thousands as a result of this amendment. There would be no consequent drop in caseload to make up for this loss because of the unprecedented increase in population which we are experiencing. Because of the uncertainty as to what can be counted on in the way of matching from the Federal Government, the Governor of the State of Nevada, understandably enough, was reluctant to place on the agenda of a recent special session of the legislature, an item which would make possible consideration of an appropriation for a much-needed increase in old-age assistance payments. Besides the hardship wrought on aged persons, the proposed reduction in Federal matching for old-age assistance cases concurrently receiving OASI benefits, if enacted, would necessitate considerable extra bookwork and would result in increased administrative costs. Even with additional help, the checking of proper share computation would be so much more difficult that the possibilities of error would be increased manifold.

This is but one example of the pending changes in Federal matching with which we are confronted. Another is the temporary increase in Federal funds made possible by the passage of the so-called McFarland amendment in 1952 and under which we have been operating since that time with the possibility arising every 2 years that there will be a $5 cut in old-age assistance and aid to the blind and $3 in aid to dependent children funds from the Federal Government. This perennial question will be before us again soon as the legislation authorizing the present formula for Federal matching is due to expire September 30, 1956. Because being able to count on a stable basis of Federal participation is essential to the States in planning public assistance programs, it is strongly recommended that the present public assistance formula be extended indefinitely.

A proposal of major importance is one providing for separate Federal participation in the costs of medical care for recipients of public assistance, Such Federal matching over and above present participation in the basic maintenance formula would assist the States in taking care of one of the most pressing public welfare problems of our times. In 1954 a random sample of old-age assistance cases in Nevada showed that 57 percent or well over half had medical needs. of this number three-fifths were unable to meet the cost of needed medical treatment from all sources of income available to them including the old-age assistance payment. Unfortunately it is all too frequently the old-age assistance recipient with the least in the way of resources who has the greatest medical needs as a result of chronic illness and the infirmaties of old age. Yet the localities, with whom this responsibility now largely rests, are financially unable to carry alone the whole burden of providing medical care to this group. Separate Federal matching of medical care expenditures for public assistance recipients, therefore, is strongly recommended in order to help the States and counties in providing more adequate medical care for needy individuals and families.

The proposed extension of the scope of coverage of the aid to dependent children program is also heartily recommended. We definitely approve the inclusion of cousin, nephew, and niece among the relatives specified in the law with whom a dependent child may be living and be eligible for aid with Federal sharing. The addition of these relatives, as well as striking the eligibility requirement of school attendance for children between 16 and 18 years of age, removes technical obstacles which have prevented a number of children in this State from receiving the benefits of aid to dependent children. These changes are desirable steps toward the broader achievement of the objectives of the program.

CHILD-WELFARE SERVICES

It was exceedingly gratifying to note in President Eisenhower's state of the Union message, the inclusion of increased child-welfare services as one of the stated needs in the field of social welfare. The amount of the appropriation made for child-welfare services under title V, part 3, of the Social Security Act has for some time been less than that authorized. Despite this, the limited funds which have been made available have been used to demonstrate dramatically, at least in our State, what can be done to stimulate State and local action to improve services to children. From 1951 to 1955, about $8,000 a year was spent from our small grant-in-aid for child-welfare services as a special project to provide services to unmarried mothers and their children. When the Federal project was terminated on June 30, 1955, the State made an appropriation to carry on such service. This is the first time in its history that Nevada provided funds for the direct care of children outside of institutions. It is sincerely hoped that, in line with President Eisenhower's message, additional funds will be made available for demonstration projects of a similar nature.

In accordance with the recommended increase in child-welfare services, it is respectfully requested that consideration be given to the removal of the restriction on the use of the Federal grant-in-aid funds to rural areas and areas of special need. This artificial limitation is no longer needed to assure that the Federal child-welfare-services funds are used only to help children not reached by the organized urban agencies. According to the definition of a rural area as used by the Children's Bureau,[1] Nevada, with a total population of only 240,000 spread over an area of 110,000 square miles is over 57 percent

[1] Children's Bureau definition of "rural area": A geographical area—county—in which less than 50 percent of population live in urban places according to census definition or in which more than 50 percent of population live in urban places but which has no city of 10,000 or more population.

urban. Yet there are no statewide child-caring organizations outside of the public service for which these Federal child-welfare service funds are so urgently needed. To be of greatest benefit, child-welfare service funds should be available on a flexible basis to be used in reducing gaps in services to children wherever they exist. The need for flexibility is even more essential if basic services are to be improved and extended in order to combat juvenile delinquency.

PERSONNEL

Another priority for both the public assistance and child-welfare programs is the training of qualified personnel. This was classified as "essential" by President Eisenhower in his state of the Union message. As a public welfare administrator I feel that staff is the most critical factor in the efficient and economical administration of public welfare services. The knowledge and skill of the public welfare worker largely determines to what extent the public welfare program achieves its basic objective of enabling the persons served to live satisfying and useful lives through the maximum utilization of their own and the community's resources. The encouragement and assistance of Congress in recognizing the importance of increasing the supply of trained social work staff as provided under S. 3139 and H. R. 9091 would be of inestimable help. We anticipate with confidence your full and fair consideration of this problem on the same basis as you have given such consideration to other matters in the field of human welfare.

FEBRUARY 24, 1956.

MRS. BARBARA C. COUGHLAN,
State Director, Nevada State Welfare Department,
Reno, Nev.

DEAR BARBARA: I have your letter of February 22, together with your statement which I shall certainly make a part of the record at the hearing next Tuesday, when we meet again.

I am very sorry that I missed calling you. I had a breakfast engagement the morning you called me, and then almost immediately it was necessary for me to leave, and I just did not get the time.

In addition to your interest in the legislation, I want to have a visit with you on the matter of the blind, or people with impaired vision, and, as you know, I am ready to do anything I can to assist in this field, as well as other fields of legitimate disability.

A very interesting television program was put over on Sunday in Las Vegas. I happened to be there and was invited to participate in what they called a dogathon, and everyone in southern Nevada, and any persons holding a prominent position from anywhere in the State was a part of it. It was a continual television program for 2 hours, and very interesting, surprisingly so, with a battery of telephones—about 20, I would judge—with that number of girls answering the phone, and the people throughout the area viewing the show were asked to contribute whatever they thought proper up to $100—and apparently they were receiving a tremendous amount of money—all directed toward purchasing trained seeing-eye dogs for the blind. I thought it a good idea, and it was certainly unique. They raised more than $9,000 in the 2 hours for this fine objective.

Let me know if there is anything I can do for you at any time. If I can do it I will, of course, and if not I will tell you.

With best wishes, I am

Sincerely,

GEORGE W. MALONE, U. S. S.

The CHAIRMAN. The next witness will be Mr. John H. Winters, executive director, Texas State Department of Public Welfare.

I am informed that Mr. Winters sent a wire that he would be unable to be here, and a statement for the record.

(The statement of John H. Winters, executive director, Texas State Department of Public Welfare, is as follows:)

STATE DEPARTMENT OF PUBLIC WELFARE,
Austin 14, Tex., February 21, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I wish to express to the Senate Finance Committee my support of the principles contained in the bill H. R. 7225, which is now being heard by your committee.

From my experience as executive director of the Texas State Department of Public Welfare and as immediate past president of the American Public Welfare Association, I believe that the basic social security program is sound. I have given careful attention to previous improvements in our social insurance system and their effects on the public welfare program. The coverage of farmers and farm workers under contributory social insurance, as provided by the 1954 amendments, will in my opinion prove to be particularly helpful in reducing the need for public assistance among these groups in my State. The 1954 extension of coverage to other groups will likewise help to reduce the need for public assistance.

It is my understanding that Mr. John W. Tramburg, president of the American Public Welfare Association, will introduce into the record when he testifies, the Federal legislative objectives of the association. I heartily endorse all of these objectives.

I completely agree with the principle that contributory social insurance is a preferable means of meeting the needs of people who might otherwise have to rely on public assistance. I should like to comment briefly, therefore, on the provision contained in H. R. 7225 for disability insurance benefits. Disability of the family wage earner frequently has a disastrous effect on the family. Not only is the family deprived of his income, but usually there are also high medical expenses to be met. Too often the personal resources of the family are exhausted and the only resource left for such families is public assistance, which, at best, can meet only minimum needs. Provision for paying disability benefits through contributory social insurance would make it possible for many of these families to manage without public aid. I strongly urge the enactment of this provision.

While improvements in the contributory social insurance program reduce the need for public assistance, this residual program must continue and should be improved in order that the Federal and State governments may fulfill their responsibility for the welfare of all people. There will continue to be many people whose needs are not met by social insurance and who are dependent on public assistance.

There are two points which I would like to emphasize: the need for improving old age assistance, and the need for improving ADC and the child welfare programs. It is my opinion that we must give more adequate consideration to the plight of our needy senior citizens and to the problems of our neglected, dependent, and homeless children.

The aged and our children are the two most numerous groups in our population and among them are the most heart rending cases of dependency. As a nation we have done much to improve the well-being of these people, and your committee deserves great credit for the significant part you have played in this humanitarian undertaking. I honestly feel, however, that we must—and we can—do more for these people.

The number of both aged persons and children in our population is increasing. The number of persons 65 and over increases by 350,000 each year and over 4 million children are born each year. These simple facts result in an increasing need for additional services by our State public welfare departments.

May I especially point out that the Federal share for participation in aid to dependent children is much less favorable than that for old-age assistance or the other categories. In 1946, 1948, and 1952 when the Federal share of old-age assistance was increased $5 a month, ADC was only increased $3 each time. Thus, the Federal share of ADC is about $6 per month per child behind the other categories. I hope you can find a way to remedy this.

There exists a great need also to broaden the coverage of the ADC program, particularly by eliminating the school attendance requirement for children 16 to 18 years of age and by covering a needy child living with any relative—as that term is defined by a State—or with any person having direct legal custody of a needy child. Sometimes a court may wish to give custody of a needy child

to a nonrelative and under present law ADC funds cannot be used to support the child. This creates difficult problems if no funds are available to support the child. In the interests of the child, the State welfare administrators believe that Federal and State funds should be available for this purpose. The number of cases and the cost are not large but the needed flexibility should be included in the Federal law in order to assure that the State public welfare agencies and the courts can undertake the best plan for the protection of the child and the family.

The 1950 amendments to the Social Security Act included an increase to $10 million a year in the authorization of funds to be appropriated for grants to States for child welfare services. These increased funds were needed then and they are even more urgently needed now, but the fact, even though the authorization stands at $10 million, the appropriation has never exceeded $7.3 million. In the meanwhile our child population has been growing and our costs have been increasing. I hope the committee will give serious consideration to raising the authorization to $15 million.

What I would like especially to emphasize, however, is the fact that a much greater effort needs to be made in behalf of children who are growing up in circumstances that are hazardous or injurious to their well-being. While there is great public concern with such symptoms of the problems of our child population as juvenile delinquency, the real problems often are found in unstable home-life, regardless of the economic status of the family. Public welfare agencies are becoming more and more aware of the urgent need to provide more effective services toward the improvement of these situations. The strengthening effect of the Federal grants in these basic services for children has been well demonstrated. The need today, however, is to multiply these efforts. Along with the need for increasing the Federal authorization for child welfare services is the need for permitting greater flexibility in State programs by eliminating the restrictions limiting the use of Federal funds to rural areas and areas of special need.

Medical care is the most urgent priority among many needy aged persons on the assistance rolls. The average age of persons on old-age assistance is 75 years. Great numbers of them have chronic ailments and disabilities. They need physicians' services, nursing care, drugs, and eyeglasses and often require hospitalization and surgery. The present Federal formula needs revision because it does not adequately meet medical care costs and places an unduly heavy burden on the States and localities. I hope that the committee will find it possible to provide a better method for financing medical care for all our assistance recipients.

The existing formula for Federal grants to the States for public assistance (popularly referred to as the McFarland amendment) expires on September 30 of this year. It has been proposed that the formula be extended for a temporary period of time until June 30, 1959. While any short-time extension would obviously be of some help, I would urge the committee to extend the formula on a permanent basis. A temporary extension creates needless uncertainties among the millions of assistance recipients as well as making difficulties for State and local officials in planning and budgeting. All of this confusion and misunderstanding can be avoided by extending the formula on a permanent basis.

I hope that the committee will give favorable consideration to these points as it studies the bills before it. I shall appreciate having this statement entered into the record of the hearings.

Respectfully yours,

JOHN H. WINTERS.

(The following letters were subsequently received for the record:)

STATE DEPARTMENT OF PUBLIC WELFARE,
Austin, Tex., March 1, 1956.

Hon. LYNDON B. JOHNSON,
Member, The Senate of the United States,
Office of the Democratic Leader,
Washington, D. C.

DEAR SENATOR JOHNSON: I am enclosing a copy of a letter I wrote to Senator Byrd to be included in the record of the hearings before the Senate Finance Committee on H. R. 7225. I have a letter from Senator Byrd that it was entered into the record.

There is one small item that I would like to emphasize and that is the broadening of the list of persons from the designated relatives with whom a child must be living to be eligible to receive a grant of assistance under the ADC program to include the person having legal custody of the child. I talked to Mr. Booth Mooney on the phone about this today, and he said he would prepare a memorandum on this subject for you.

There are many reasons why this type of extension of the ADC program is particularly needed in our State at the present time. You may be aware of the many tense situations throughout the State—situations which tend to be aggravated by the knowledge that children are receiving aid to dependent children funds in homes that are disapproved by the community because the mothers do not meet community standards with regard to their behavior and frequently even neglect the children. Under present law we cannot move those children to more suitable living arrangements because we would lose the Federal help in taking care of them. If, in these very bad situations, a court of competent jurisdiction could remove the children and place them with a nonrelative who would be able to receive the grant on behalf of the children, it is our opinion the children would be benefited and the program of aid would receive less criticism.

We do not think this proposed extension of ADC would involve additional Federal funds to any extent. Funds are already being expended for their care. We simply want more flexibility in planning adequately for them.

I am taking the liberty of enclosing a copy of the kind of language which would be needed to amend title 4 of the Social Security Act to accomplish the purposes we have set out.

I might add that the proposed change has the endorsement of the American Public Welfare Association.

If this meets with your approval, any assistance you can give us will be greatly appreciated.

Yours very truly,

JOHN H. WINTERS.

(a) Section 406 (a) of the Social Security Act is amended by striking out "or aunt" and inserting in lieu thereof "aunt, first cousin, nephew, niece, or an individual who has legal custody of a child," and striking out "relatives" and inserting in lieu thereof "persons."

(b) Section 406 (b) and (c) is further amended by striking out "relative" and "relatives" wherever they appear and inserting in lieu thereof "person," or "persons," respectively.

STATE DEPARTMENT OF PUBLIC WELFARE,
Austin 14, Tex., March 9, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: It has come to my attention that Mr. Charles H. Smith, of the Virginia supplemental retirement system, Richmond, Va., has testified before your committee that State employees, who are covered by a retirement system, are opposed to the extension of social security to include disability benefits as included under H. R. 7225.

The Texas Welfare Department, of which I am the executive director, administers social-security coverage for State and local government employees in this State, and we think we know the attitude of these groups on this matter.

I would not presume to speak for all Texas State employees, but I have presented the matter to a hundred or more State employees and they unanimously favor the extension of social security to cover disability.

I would like for the record to show that Mr. Smith was not speaking for the governmental groups in our State. I would like further that this be included in the record.

Yours very truly,

JOHN H. WINTERS.

(The statement referred to appears in pt. 2 of hearings, p. 635.)

The CHAIRMAN. The next witness will be Dr. Ellen Winston, commissioner, North Carolina State Board of Public Welfare.

STATEMENT OF DR. ELLEN WINSTON, COMMISSIONER, NORTH CAROLINA STATE BOARD OF PUBLIC WELFARE

The CHAIRMAN. Doctor, please take your seat and proceed.

Dr. WINSTON. My name is Ellen Winston. I have been State commissioner of public welfare in North Carolina since 1944. We administer in our State a locally administered system of public welfare, which means that we keep it very close to the people.

The North Carolina State Board of Public Welfare is 1 of 5 State public welfare departments which have been given responsibility for administration of the disability freeze program under the old-age and survivors insurance program, through designation by the Governor of the State. This program has been in operation since the beginning of the current fiscal year. We have also administered the program of aid to the permanently and totally disabled since 1951. We have administered the aid to dependent children program since 1937 with some 22 percent of the current ADC cases resulting from disability of the father. On the basis of our experience with these programs we feel that disability can be soundly and equitably determined through adequate medical information and careful social histories prepared by qualified social work staff. A great majority of all cases that come under any 1 of these 3 programs are clear-cut and there is no real question as to whether the person is or is not disabled within the meaning of the law. There are of course some cases which require the most intensive study in order to determine whether or not a disability within the meaning of the law actually exists but in all types of public-welfare programs there is a group of borderline cases just as there are borderline cases in many other fields.

The number of persons receiving aid to the permanently and totally disabled in North Carolina is steadily increasing. This creates a continuing financial problem for the State since all estimates with regard to the number of cases and hence the amount of money necessary have proved to be too low and there has already been extensive supplementation of the appropriation for the current year. With the proper safeguards written into the law, we believe that it would be sound to enact the proposed amendment to provide payments for persons who are precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment, beginning at age 50, as provided for in H. R. 7225. Should persons 50 years of age or over who are disabled for an extended period become eligible for disability insurance payment, it would be possible for the States and localities to do a more effective job in providing needed financial assitance to disabled individuals under 50 years of age. We have had sufficient experience to know that it would be administratively feasible to implement the proposed amendment.

Closely related to the need for disability insurance payments is the need to continue the child's benefit under survivors insurance when a disabled child reaches age 18, as provided for in H. R. 7225. Also, when a child has been determined disabled under 18 years of age he does not become able to care for himself financially by automatically reaching a given birthday. Although only a small number of children would be affected by this amendment, it would make possible consistent planning for adequate care of such children on a long-time basis. As already pointed out, determination of the permanent nature

of the disability is feasible and has been found to be practical through experience in other programs.

Closely related to consideration of disability insurance payments and continuation of payments to disabled child beneficiaries after age 18 is the proposal for dollar for dollar Federal matching of State expenditures for medical care on behalf of public-assistance recipients, outside the subsistence grants up to a maximum of $6 per month for adults and $3 per month for children receiving such assistance. In North Carolina we had experience first with trying to provide for the cost of hospitalization within the public-assistance payment as a result of the amendments of 1950. This method proved to be administratively difficult, and I might add, very expensive. As a result, the 1955 general assembly made possible a pooled fund for such hospitalization payments with the Federal Government providing 50 percent and State and local governments the other 50 percent. This plan is administratively fairly simple and is resulting in more nearly adequate hospitalization as needed of public-assistance receipients throughout the State. The experience in administering the two types of programs has led us to the conclusion that the proposed Federal matching on a definite basis outside the public-assistance grant would be administratively desirable. There is, however, one major problem in the plan as presented in title I of S. 3139, namely, that it is set up on a direct matching basis without any provision for equalization in the poorer States. This means that by and large the States with the lower per capita incomes would not be able to take real advantage of the proposed plan.

In all of the major programs presented to the Congress in recent years for help to the States in meeting needs of people, an equalization formula has been built into the legislation. I refer, for example, to the Hill-Burton Act for hospital construction with its equalization provisions, to the new proposal for school construction which contains a specific equalization formula, to the legislation with regard to vocational rehabilitation which includes equalization provisions, and to the proposed equalization formula for basic health grants. It appears totally inconsistent, therefore, when such a vital matter as the health of indigent people is concerned that there be new legislation proposed which would not take into account the lesser fiscal ability of the States which by and large have the highest proportion of low income and other needy people.

The proposal with respect to medical care contained in title I of S. 3139, strengthened by an equalization formula, would make possible far better medical care of recipients of public assistance. Unless there is provision of an equalization formula, however, the poorer States, including my own, will not be able to take advantage of the proposed changes to any extent.

The CHAIRMAN. You don't consider North Carolina a poor State, do you?

Dr. WINSTON. Yes, sir; even in comparison with Virginia.

The CHAIRMAN. They claim it is very well-to-do in comparison with Virginia; it spends more money.

Dr. WINSTON. For example, the State is now appropriating from State and county funds for the entire year less than the possible matched amount under the proposed bill for 1 month.

In other words we could obtain under the proposed bill around $325,000 per month in Federal matching funds for medical care. Actually we have available for this purpose for the entire year $250,000 in State and county funds. It would be quite impossible with the other demands upon limited State resources to gain the proposed advantages under this measure without an equalization provision.

There are good reasons why existing programs which are well established cannot be realined on an equalization basis. There is no reason why new programs should be set up on a 50–50 basis where needy people are concerned and which overlook the fact that there are wide differences in ability of States to pay.

The same problem with respect to equalization is presented by section 201 of S. 3139, which provides for 50–50 matching of old-age assistance payments to OASI beneficiaries accepted for such assistance, beginning July 1, 1957.

To initiate a program for needy people without recognizing varying abilities of States to pay is contrary to programs in other fields as detailed above. Moreover, the States with the lowest average OASI payments are also the ones that would have the greatest difficulty in providing matching funds. Such a proposal for 50–50 matching implies that OASI funds are Federal tax funds instead of contributions by employer and employee. Besides the problem of financing, this proposal would in effect require a fifth category with additional administrative expense to the agencies involved. It is our considered judgment that needy recipients of OASI should continue to be treated on the same basis as all other needy aged.

Now, about helping people help themselves. Because North Carolina is a State which has constantly stressed preventive, protective, and rehabilitative services to individuals and families through public welfare programs, we are especially pleased over the proposal in S. 3139 to include in the public assistance titles of the Social Security Act the fact that recipients of public assistance should be given such help as is necessary to make possible self-support or self-care and to strengthen family life where the welfare of children is involved. These are basic proposals directly in line with and consistent with other proposals now before the Congress for helping people to lead more productive lives and to help themselves in every way possible.

Our Governor is particularly interested in a proposal to extend aid to dependent children so that every child will have a fair deal.

While the emphasis upon the opportunity and the necessity for providing services through the public-assistance programs is highly desirable, the present proposal for extension of aid to dependent children to a few more relatives' homes falls far short of the need.

Throughout the South, the aid to dependent children program is under constant criticism because many children must be left in undesirable homes since it is only by living in such homes that they are eligible under the present Federal law for financial assistance. Even with the addition of some other categories or relatives, children would still be penalized in terms of suitable living arrangements because of the restrictions within the aid to dependent children title.

Where families have substandard living, and at times immoral conditions within the family group, such conditions are generally widespread among the relatives and placing the child with one or another

relative is not the way to ameliorate the condition. Rather, it is recommended that aid to dependent children be made available also for a needy child living in a family setting with a person having direct legal custody of him.

If aid to dependent children payments could be made to children who are living either with relatives or in other families where adequate legal protection is thrown around the child, we would go far toward meeting the most pressing need of children who are economically deprived. We would be in a position when the community finds that a child is living in a situation where he is not being adequately cared for, to place him in a good home.

This is now generally impossible because there are no other funds available to take care of such child or children. It appears short-sighted policy to have to keep children in undesirable living situations created by the standards of the relatives responsible for them which in turn means that those self-same children are not getting a fair start in life. This tends to perpetuate conditions of poverty and disease and crime into the next generation. I urge that you consider broadening the aid to dependent children title to include children living with persons who have direct legal custody of them.

While the above extension of the aid to dependent children title is by far the most important in terms of basic welfare of children, there is also needed elimination of the school attendance requirement for children 16 to 18 years of age, as contained in title IV of S. 3139.

Today a disabled child or a child so handicapped mentally that he cannot attend school is deprived of the protection of an aid to dependent children payment upon reaching his 16th birthday. It would be sound policy and cost little to make aid to dependent children available to all needy children up to 18 years of age, removing the current educational restriction.

In order fully to carry out the intent of the proposed amendments with regard to protective, preventive, and rehabilitative service, defined as emphasis on self-help and self-care and strengthening of family life in the public assistance titles, it is imperative that there be better trained public welfare staff throughout the country. The North Carolina program has long emphasized what we call nonfinancial services.

Last year some 50,000 families received nonfinancial services only, which were designed to help individuals and families better to meet their own needs. The reason this was possible is found in the fact that the survey of salaries and working conditions in social work made a few years ago shows that in terms of specialized training the public-welfare staff in North Carolina ranks first among the 48 States.

It takes well-trained public-welfare personnel fully to understand the needs of individuals and families who come to the welfare departments seeking help and then to be able to work with those individuals and families in terms of providing resources to best meet their needs.

It has been possible through extensive utilization of Children's Bureau funds to carry out a partial training program, but for the present year when we in North Carolina have 13 of our State and county staff members in school on training grants, we have more than twice that number who would be in school had funds been available.

The Federal Government has made available substantial amounts

for training in the public-health field, in the mental-health field, and in vocational rehabilitation. It appears time that the fundamental services available through public welfare also are recognized as requiring trained staff and that the same consideration be given to providing funds for this important area of Federal-State programs as is given in the other areas.

It is pertinent to point out that the proposed matching ratio of 80 percent Federal and 20 percent State and local funds for such training as contained in section 705 of S. 3139 appears administratively complicated and would effect no substantial saving in Federal funds. It would be more efficient simply to provide for 100 percent Federal funds.

We have had long experience in providing training grants and recognize that a small amount of matching money would in effect only have a nuisance value in working out plans and in properly auditing the Federal funds for this purpose.

Moreover, State legislation would be required. It is recommended, therefore, that the proposed plan be revised to provide for 100 percent Federal funds for training.

The final area which I should like to discuss briefly is that of the appropriation to the United States Children's Bureau for child-welfare services.

Although the Social Security Act since 1950 provides, as has already been brought out, for an authorization up to $10 million per year, this program has never had an appropriation approximating this total. For the current fiscal year, the Federal appropriation is $7,228,900. The recommended appropriation now before the Congress for the next fiscal year is $8,361,000. With the steadily growing number of children in this country and the demonstrated increased public concern for their welfare, the full appropriation of $10 million is urgently needed for the next fiscal year and the authorization should be increased to at least $15 million annually.

Actually, with increasing numbers of children in this country, the amount of Federal money available for greatly needed services has constantly been decreasing on a per child basis. For the State of North Carolina, which receives one of the largest allotments under the present formula—and this is because we have so many rural children—the Federal contribution for child-welfare services for the current year is less than 20 cents per child.

We have heard a great deal in recent months about public concern over juvenile delinquency. Juvenile delinquency is not increasing in North Carolina. If anything it is on the decrease, largely due to the emphasis upon preventive programs.

We know that it is economically sounder in terms of both dollars and cents and the welfare of children to provide basic services needed by children so that they will not get into such trouble that they must come before the courts. This means that we need far more extensive programs of services to children in their own homes. It means that we need to be able to provide specialized care as needed to children who are not developing normally, whether it be physically, mentally, or emotionally. We are concerned about the protection of children who become available for adoption. We know that we should do much more to protect the young girls who become mothers without benefit of wedlock.

We know that we need far sounder planning so that we may provide the particular type of care which a given child needs at a given time, whether it be within his own home, within a good foster home, or within a carefully selected institutional setting.

These are essential if the welfare of children is to be protected. We cannot solve the problem of child welfare by placing major emphasis upon one or two clearly identifiable programs which happen to attract specil public interest at a given time.

We need a strengthened basic overall program of service to children. It is just as though in the field of child health we would place all of our current emphasis upon one or two of the well-publicized diseases of childhood rather than being concerned about the physical well-being of all children.

Again, we do not place all of our emphasis or the major portion of it upon certain types of education but rather are concerned about general education for all the children. The amounts of money involved in child welfare services are of small account in relation to the total Federal budget. In terms of the welfare of children they are of inestimable importance.

In conclusion, Mr. Chairman and members of the committee, we have gone a long way toward providing basic welfare services to individuals and families through Federal-State cooperation. I have tried to point out where on the basis of long-time experience some of the most glaring gaps in our present program of basic services exist.

I respectfully urge that as you consider legislation now before this committee and other legislation which will come before the committee during this session of Congress, you give careful consideration to several proposals; namely, disability insurance payments beginning at age 50, continuation of survivors insurance payments to disabled children after the age of 18, establishment of the proposed medical care program on the basis of an equalization formula, retaining one old-age assistance matching formula, broadening of aid to dependent children so that children will not be penalized in terms of where they must live in order to receive aid, provision on a 100 percent basis for training of much-needed public welfare personnel so that more effective protective, preventive, and rehabilitative programs can be carried out, and, finally, increased appropriations for basic child welfare services in order that every child may have a fair deal.

The CHAIRMAN. Thank you very much, Dr. Winston.

Any questions?

Senator MARTIN. I have no questions, Senator.

The CHAIRMAN. Thank you.

The next witness is Mr. Wayne Warrington, commissioner of the Arizona State Department of Public Welfare.

Proceed, Mr. Warrington.

STATEMENT OF WAYNE B. WARRINGTON, COMMISSIONER, ARIZONA STATE DEPARTMENT OF PUBLIC WELFARE

Mr. WARRINGTON. Mr. Chairman and members of the committee, my name is Wayne B. Warrington. I am the commissioner of the Arizona State Department of Public Welfare. My comments are directed to three matters covered in H. R. 7225:

I. The provision which extends coverage to additional groups;

II. The provision which raises the tax rate to pay for the additional benefits; and

III. The provisions which establish additional benefits of (1) reduction of the retirement age for women to age 62 and (2) disability payments at age 50.

I. Extension of coverage: Extension of coverage of the present system to additional groups is desirable. This is true not only because it follows the principle that universal coverage for all citizens is equitable but also because it is indicated that the long-term effect on the trust fund will be favorable.

II. Financing additional benefits: There is no reason to disagree with the general conclusions of the Chief Actuary of the Social Security Administration that the increased tax rate would add sufficiently to the trust fund to slightly more than offset the costs of the additional benefits based on the intermediate cost estimate. However, it should be noted that the possible number of disability beneficiaries is more subject to fluctuation than any group with whom there has been experience thus far in this program.

It also should be borne in mind that the estimates made assume high employment conditions and restrictive administration of the disability benefit provision. The latter is nearly impossible to accomplish on a uniform basis when authority for the determination of eligibility in each individual case may be delegated to 1 of 50 or so non-merit-system agencies of the Nation's political subdivisions.

III. Additional benefits: The additional benefits to be provided through the social security insurance program appear to me to do violence to the principle on which the present system is based. The age-reduction provision is contrary to trends affecting employability payment of benefits which defies uniform interpretation and which is subject to fluctuation in the general economy. Should these proposals be more properly submitted in the form of social-welfare legislation for all of our citizens financed by general tax revenues I would still consider them to be undesirable and not in the best interest of our Nation or her people.

Retirement age reduction for women: Reducing the retirement age for women is inconsistent with the broad principle of insuring against anticipated changes in contingencies because of the basic trends in health, manpower resource needs, life expectancy and mortality rates.

Rather than anticipating a need to provide for women's retirement at an age less than men or less than age 65 we can more reasonably expect that even past age 65 we will need and have in our labor force healthier women for a longer average period of time.

Private and public retirement systems are too often designed to complement social-security payments and make retirement mandatory. Workingwomen under this proposal would undoubtedly receive enforced retirement at an earlier age than men despite their better health and longer life expectancy. Such a result cannot be justified as being the product of logical insurance planning. I would not regard such a result to be equitable nor desirable even if it were the product of undisguised social welfare planning.

The percentage of men who delay retirement until their wives attain the age of 65 is negligible according to the Social Security Administration. If the principle to be served for the male worker and his

wife is to encourage men to retire at 65, then the age of the wife whether it be 50, 62, or 70 should not be a discriminatory factor. If on the other hand, the comparative effect of age on the man and his wife is the basic consideration, the age for women would have to be higher than for men in the light of the facts of health and longevity.

The widow of a covered worker presently receives benefits while raising his children and when she reaches age 65. Again establishing a specific age is a discriminatory factor which seems to serve the purpose of advancing by one step a social-welfare program rather than a logical insurance plan. Widows between the ages of 62 and 65 constitute a very small segment of our population who as a group are not peculiarly deficient in resources such as insurance, real estate, savings, services from welfare agencies, et cetera. To the contrary, I would suspect that generally the opposite characteristic might be found.

Disability benefits: In my opinion, the disability income provisions of H. R. 7225 would contribute to the destruction of our cornerstone—self-sufficiency. Like every individual in the future of universal coverage, John Q. Citizen together with his employer has over a period of time paid 9 percent of his income to the Federal Government as an insurance premium. He believes at age 50 that he has a physical impairment which will be long-continued and of indefinite duration and which will not allow him to engage in any substantial gainful activity. In his opinion, the Federal Government has a great deal of money and part of it came from his pocket to pay for his disability income.

The agency to which he applies is subjected to the usual normal pressures of local economic conditions and is authorizing the expenditure of money which cannot be directly traced to local taxpayers. The agency although supervised by the Federal Government has difficulty in insuring that its decision is the same as one made in a neighboring State for another individual with the same impairment.

If John's application is denied, his natural reaction to the Government which required he buy the insurance is unfavorable—more so than if he had voluntarily purchased his policy.

Rare is the individual that applies for a cash disability payment who does not believe he can meet the requirements to receive it. Experience of insurance companies and public agencies has established that a number of self-encouraged and/or nonexistent disability cases can be anticipated and can substantially affect costs.

After application he is referred for vocational rehabilitation services. Eligibility for both benefits may be determined concurrently and in many States by the same agency. If eligible, he is officially declared to be, in effect, permanently and totally disabled. With the elimination of the security of John's cash tax-free benefit as a goal, there would be an understandable lack of enthusiasm for rehabilitation. It would also be understandable, particularly in those States where both services are provided through a single agency, if the case difficult to rehabilitate were to be considered sufficiently cared for by the cash benefit. If available rehabilitation services were limited, it would seem to follow that the recipient of disability benefits over age 50 would not carry a top priority.

The provision which reduces the disability benefit by the amount of any other Federal or State benefit based on physical or mental impairment would indicate a type of public assistance program rather than insurance.

Premiums for two benefits may have been paid directly or indirectly through services or cash. If this proposal is in reality another public assistance measure, it would seem more logical to improve the existing aid to the permanently and totally disabled grant program. Forty-five of fifty-three political subdivisions now have a federally matched program for the disabled not restricted to those above age 50. The greatest incentive to a State agency to actively encourage rehabilitation is by insuring that local tax moneys are involved in each expenditure for disability payments.

With these factors in mind it is suggested that a more effective method of meeting the needs of the disabled whether aged 25 or 50 would be to: (1) encourage the continued expansion of rehabilitation services though public welfare agencies as well as vocational rehabilitation; and (2) improve the matching-grant formula for the existing aid to the disabled program—as well as the other categories—by matching on an average payment basis and making permanent the present formula.

The CHAIRMAN. Any questions?

Thank you very much, Mr. Warrington.

The next witness is Mr. Raymond W. Houston, commissioner, New York State Department of Social Welfare.

STATEMENT OF RAYMOND W. HOUSTON, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL WELFARE

Mr. HOUSTON. Mr. Chairman and members of the committee, I am Raymond W. Houston, commissioner of the New York State Department of Social Welfare.

I speak to you today in my capacity as chairman of the council of State and Territorial welfare administrators of the American Public Welfare Association.

First, let me say that our council has worked with the other committees and members of the American Public Welfare Association to develop the program of legislative objectives of the association. Our members, composed of the administrators of all of the State and Territorial programs, strongly endorse and concur in the legislative objectives of our association, which have been presented to you by our president, Mr. John Tramburg.

Our council members come from varying backgrounds and reflect the problems unique to the various sections of our great country. We all have vast responsibilities in the administration of the public assistance programs and in the use in large amounts of public funds for this purpose. Out of our combined experience we concur in the proposal contained in H. R. 7225 to make disability payments available to the disabled.

All of us are carrying in our public assistance loads many who, we believe, should have long ere this become entitled to the provisions of insurance against the hazard of disability.

In our view, disability as defined in H. R. 7225 is even more of a risk to an individual's economic security than old age. After all, aging is a common universal experience and one which can be looked forward to and planned for. Disability can strike suddenly and with finality eliminate an individual's hopes for his and his family's future insofar as his own efforts are concerned.

Many aging persons are able to and in fact do continue to earn after the prescribed retirement age of 65. When permanent and total disability strikes, there simply remains no out as far as the individual stricken is concerned. Insurance against disability can contribute at least a feeling of some economic independence should such a hopeless condition arise.

In reading the newspaper accounts of some of the testimony given before your committee, I have noted the statement that disability insurance would beget malingering and that there would be difficulty in establishing medical disability.

In our long experience as administrators we all agree that with few exceptions—and those are generally to be found among the emotionally disturbed or the mentally incapacitated—no one really wants to live on an assistance allowance of any kind.

We were particularly impressed with this fact at the time when the depression era blended into the preparation for World War II era. We then saw people leaving the assistance rolls in droves—people even who up to that time we thought were permanently incapable of again accepting employment. But when the jobs became available, people responded and took them and were happy in their new found economic independence. It is even more true that no one wishes to be established as a totally and permanently disabled person.

Most of the States already have a program of assistance to the permanently and totally disabled. With the cooperation of the applicants themselves and with the wisdom of the medical profession, we have been able to administer this program wisely and effectively. In some of the States, my own included, the welfare forces have been asked to make determinations for the disability freeze.

Here again, with the assistance of the medical profession and the splendid guidance of the Social Security Administration, we have been able to gather the evidence and make the decisions as to medical disability. I have no fear whatsoever of our continuing to be able, by the joint efforts of the Federal agency, the State and local welfare agencies, and with the cooperation of the medical profession, to administer a program of decision as to those who are eligible for disability insurance payments.

There has been some concern expressed to your committee with respect to the costs to the social security system of such a program. I believe the people in this country would be happy to pay the slight additional cost involved to be insured against the hazard of permanent and total disability.

A small example of willingness to contirbute for insurance benefits occurred in my department fairly recently. The employees were polled as to their desires with respect to entering the social-security system. The question was as to whether the social security program should be integrated and made a part of the State retirement system or whether it should be kept separate with the payroll taxes for the program being levied against the employees and the full benefits of both systems made available to the employees. Of 238 employees expressing their views, 221, or 93 percent, indicated their willingness to pay the additional taxes in order to gain the additional benefits of the social-security system.

There are those who say that we do not need a program of disability insurance payments in view of the fact that we already have a voca-

tional rehabilitation service program. I have in my department the section of the vocational rehabilitation program for New York State serving the blind, and I would say to you that the vocational rehabilitation program is not the total answer to the needs of the disabled.

The fact is that in many parts of our State and the country as a whole there simply does not exist the medical knowledge and initiative to rehabilitate all the disabled. Even in the centers with the most highly skilled medical staffs, who are in possession of the best knowledge we have at the present time, there are hopeless cases. This is not to say that, as time goes on, more and more new knowledge will not come to us and enable us to do more in the way of rehabilitation for many now thought to be incapable of profiting by such a program. But in the meantime, and until such time comes, until we know what to do about all of the disabled, we need to take care of their economic needs through the insurance program.

I think we need to remind ourselves, too, that disabilities occur by reason of accidents of many sorts and that as our safety program and accident-prevention programs become more widespread and universally accepted, the need for disability insurance payments can be held in check.

Our State administrators of public assistance are perhaps more aware than any other group of our total program of economic assistance to people in need. They are aware of gaps in the insurances and of those in the assistance field.

I would, therefore, like to comment on their behalf on a few particulars contained in S. 3139, Public Assistance Amendments of 1956, introduced by Senator Martin.

Medical care: It is not generally realized by the public how much the costs medical care to relief recipients have risen and how large a percentage of the costs of public assistance goes for medical and hospital care. In most of the States the welfare departments are the agencies which take care of the medical and hospital needs of those in receipt of assistance and of the so-called medically indigent.

We particularly applaud the provision in S. 3139 which would make Federal assistance, over and above the regular formula, available for the medical needs of adults and children.

To indicate to you that the proposal of Federal participation in $6 and $3 monthly maximums for adults and children, respectively is not overly generous, I would point out that in New York State the average cost for medical care for adults on old-age assistance is $20 per month. Throughout the Nation there are many unmet needs in this field of medical care which can only be met by Federal participation in such programs of medical care for the indigent.

Self-support and self-care: Until recently, the public welfare forces of our country have been occupied with the establishment of eligibility for and the granting of assistance to those found eligible for it. Now we find that our rolls are composed of persons who are there mostly by reason of other causes than the economic. They are composed of the aging, of broken families and their children, of the disabled including the blind, and of children whose parents cannot take care of them.

We believe the time has come when careful work with these people in helping to reestablish their broken homes and lives, in restoring

them to participation in the economic and social stream of life, and in finding and preventing the causes of delinquency and dependency, is most important. Whatever we can do to strengthen family life and to see that children's needs are met at an early age and in their own homes will prevent eventual delinquency, mental illness, and dependency. Whatever we can do to find out the potentialities of the individuals, of children and adults as well, to restrain them for new ways of meeting their economic needs will pay off in the long run.

We are, therefore, enthusiastic about the self-support and self-care provisions contained in S. 3139.

Training of public welfare personnel: Most of us find with alarm that our key personnel was recruited during the years of the depression era and that we are having difficulty in interesting people in and in keeping them with our public-welfare programs.

We are now in the era of a limited supply of young people due to the curtailed birthrate of the depression days. In the welfare field we find, when we try to recruit from the persons who are minded to work with people, that we are in competition with the nursing profession and the teaching profession. We see that those who wish to become teachers can go to the teachers' colleges, with little or at least a nominal tuition payment. Those who wish to enter the nursing profession can go to nurses' training schools, again with no tuition requirement. Except for a few scholarships available here and there in the schools of social work, there is no way in which a young person desiring to educate himself to participate in our work can have the advantages of free tuition now available in these other professions of working with people.

Section 705 of S. 3139 promises to give us the assistance we need in recruiting competent personnel, which in the end will pay off in improving our vital program of meeting the needs of the people whom we serve.

Puerto Rico and the Virgin Islands: I have, and some of the other Eastern States—later others will have—a particular interest in the provisions with respect to Puerto Rico and the Virgin Islands. New York City in particular has been a great recipient of newscomers from Puerto Rico.

While there is no evidence that people come to New York to receive assistance, the fact is that some who come do eventually need assistance. It is therefore to our interest to see that an adequate program of assistance is maintained in Puerto Rico and the Virgin Islands.

We have never understood why the Congress has put the limitations it has on Federal aid to these two Territories with respect to assistance programs. We would be greatly interested to have the Congress at this time provide that Federal aid for public assistance to Puerto Rico and the Virgin Islands should be on the same basis as for other jurisdictions.

Child welfare: Mr. Tramburg has commented fully and at length with respect to the child-welfare program. The State administrators would concur in his remarks.

I would wish to point out particularly our interest in having the present provisions with respect to the allocation of child-welfare services funds changed. As you know, these funds are presently restricted to rural areas and areas of special need. All of us are finding

that the greatest problems in the child-welfare field are in our great cities.

In our State I have no hesitancy in saying that the most grievous problems in connection with children are in New York City. There we find children needing foster homes for whom no homes can be found, children of minority groups who should be adopted, for whom no adoptive homes can be found, babies needing loving and tender home care languishing in hospitals for lack of other places to place them, and too many older children finding their way to training schools for delinquents for lack of proper early protective and preventive services.

It therefore seems urgent to us that the child-welfare services funds once allocated to the State should be usable in whatever area of the State the combined judgment of the Children's Bureau and the State administration dictates without the artificial restrictions presently imposed by the Congress.

That I am here today representing the more than 50 State and Territorial administrators of public welfare programs is evidence to you of our abiding interest in the social-security system of our country as the best way of meeting the needs of the many who are found by your committees to be insurable.

It is also evidence that we have a continuing interest in the improvement of programs of assistance and service to those who for varied and diverse reasons are not eligible to be covered by our insurance program.

We urge the favorable action of the Congress on these various proposals to improve our program of services to people at this session.

The CHAIRMAN. Thank you very much, Mr. Houston.

Any questions?

Thank you, sir.

The next witness is Mr. Roy W. Bornn, commissioner of social welfare, Virgin Islands.

STATEMENT OF ROY W. BORNN, COMMISSIONER OF SOCIAL WELFARE, VIRGIN ISLANDS

The CHAIRMAN. You may proceed, sir.

Mr. BORNN. Mr. Chairman, honorable members of the committee, for the record, my name is Roy W. Bornn, and I appear before you today in my capacity as commissioner of social welfare for the Virgin Islands of the United States.

Six years ago, in the same capacity, I had the honor and privilege of testifying before your distinguished committee. I cherish a grateful recollection that the committee was most kind to me on that occasion and following that testimony recommended, and Congress enacted, legislation extending to the Virgin Islands the old-age and survivors insurance program and the Federal public assistance program.

Your friendly attitude toward our islands and the people was thereby amply demonstrated. As I appear once more before your committee in behalf of our islands, I am heartened to see you, Mr. Chairman, and other proven friends of our islands, still among the able legislators carrying on the important work of your committee.

I feel confident that I rest the destiny of our islands in the hands of tried and trusted friends when I lay before your committee our problems and needs.

I come before you today to testify on H. R. 7225, on the important revisions it proposes to the OASI program, and on other legislation before you closely related thereto.

Fortunately, as a result of your friendly action 6 years ago, the OASI program is now in full operation in our islands exactly as in all other parts of the Nation. We pay the same taxes; we have the same benefits. So we are directly concerned about any changes proposed for this program.

In general, I wish to endorse fully the positions taken by the American Public Welfare Association on this bill and the amendments proposed thereto. I concur heartily with the testimony, Mr. Chairman, which the chairman of our Council of State Welfare Administrators has submitted today regarding it and related measures.

Our islands favor disability compensation, we favor of a well thought out food stamp plan as envisioned in S. 627, and we favor improvement of the public assistance and child-welfare programs for the Nation at large, as well as for the Virgin Islands.

The CHAIRMAN. It has been testified before that the Virgin Islands do not get the same benefits as we do in this country.

Mr. BORNN. We do not have the same benefits in assistance. In the old-age and survivors insurance program we pay the same taxes and have the same benefits. The program works exactly as it does on the mainland, and very successfully.

The CHAIRMAN. Where is the difference?

Mr. BORNN. In the public assistance.

The CHAIRMAN. Are you in the same class as Puerto Rico?

Mr. BORNN. We have a similar situation. I will explain it as I go along, sir.

Although we have not yet had an opportunity to study carefully S. 3297 regarding the child-welfare program introduced last night, so that we cannot make firm recommendations regarding it, we are happy regarding the proposals therein to extend foster care and increase the overall child-welfare authorization and increase the allotments authorized for the States.

The problem of child welfare in our islands, as in the States, require such increase in Federal participation in child-welfare services.

I wish respectfully to point out also that the introduction of S. 3139 offers an excellent opportunity for Congress to update the public-assistance legislation for the Virgin Islands which it enacted 6 years ago. Although OASI was then extended to the islands on exactly the same basis as it operates for the rest of the Nation, Congress at that time, in a spirit of caution, provided that our public-assistance program should begin on a matching formula comparable to that on which the national program was initiated 15 years before, leaving for later application to our islands, when our program had been tried and tested, the improvements that had been legislated for the Nation during the preceding 15 years.

Unfortunately, in addition, several special unfavorable provisions were then applied to our programs. Briefly, the unfavorable provisions still applying to the Virgin Islands program consist of:

First, the Federal maximum for assistance in the Virgin Islands is $30 monthly for the aged, blind, and disabled, instead of the $55 applicable in the rest of the Nation.

In aid to dependent children no Federal matching whatever is provided for the needy parent or relative caring for the children. And for the children the maximums are $18 per month for the first child and $12 for each additional child, as compared with $30 and $21 for the rest of the Nation.

Second, Federal participation, within the above unfavorable maximums is only $1 Federal to $1 State, instead of the $4 Federal to the $1 State applicable in the rest of the Nation in the lower range of the grant, in which range most of the Virgin Islands grants fall.

Third, and finally, besides the unfavorable Federal matching for the individual cases, the 1950 legislation set an over-all ceiling of $160,000 on Federal participation in our program in any 1 year. No such overall limitation applies in any jurisdiction of the Nation except Puerto Rico and the Virgin Islands.

During the 6 years the Federal public-assistance program has been in operation in the islands, the Virgin Islands Government has substantially increased its own effort to help is needy citizens, more than doubling its own appropriations for the purpose during this period. The assistance caseload has been kept to a minimum. Recipient rates in the Virgin Islands for assistance and OASI together are lower than the national averages. But, despite the increased Virgin Islans Government effort, and despite the careful controls which have kept the caseload low, the unfavorable provisions covering Federal participation have kept assistance standards distressingly inadequate.

The maximum allowance for food for an adult is $12 per month, about 13 cents a meal; for clothing it is $3.50 per month; the maximum rental allowance is $6 per month for 2 persons. Our average grants are $18.60 per month for an adult and $11.30 per month for a child. Unfortunately, living costs in the islands are high. Food and clothing cost more than in the United States because we must import from the continent most of what we wear and eat.

A survey some years ago indicated that imported foods cost in the islands on the average of 61 percent more than in Washington, D. C. Drug costs more in the islands than on the mainland.

Even at the low assistance standards set forth above the limitation of $160,000 on Federal matching for our program will result in a loss of approximately $20,000 in the courrent year's operations. The lack of matching for the caretaker will cause a loss of amonther $6,000. With our slim island treasury we shall be obliged to reduce further our distressingly low standards of assistance unless Congress acts promptly to give our government some relief. It is time to dis-9continue the special provisions which treat the islands as step-children, which hold Virgin Islanders "outside the door of the house," which impose limitations on the extent to which Virgin Islanders may share in security provided in full for other citizens of the Nation. Why, Mr. Chairman, should the full benefits of United States citizenship be denied to United States citizens who are shouldering the full responsibilities thereof, who fight and die for their country just as their brothers on the mainland?

We appreciate very much that S. 3139 would include the Virgin Islands in the new and desirable additions it proposes to the public-assistance program for medical care, for services for promoting self-support and self-care and the maintenance of family life, for the training of personnel in public assistance, et cetera. But we regret that this bill proposes to retain a ceiling on our total annual matching, though proposing to raise that ceiling to $200,000. This ceiling, even though thus increased, would nullify, as far as the Virgin Islands are concerned, the improvements in the program in general which this bill would effect, and would negate any improvements legislated for the program in general or for the Virgin Islands in particular in any other bill. This year, despite our unfavorable matching formulas, we shall earn approximately 180,000 of Federal matching. With the additional medical care, rehabilitation services, et cetera, the total earned would immediately exceed $200,000.

The Virgin Islands are deeply appreciative of the proposals contained in Senate bill 2521, introduced by Senator Hubert Humphrey, which would provide Federal matching for the caretaker in aid to dependent children in the Virgin Islands as elsewhere, and of the proposals contained in Senate bill 2660, introduced by Senator Herbert Lehman, which in addition would raise the ceiling on the overall annual Federal matching for the Virgin Islands from $160,000 to $300,000. We are sincerely grateful to these honorable Senators for their championship of our cause. Though we feel that the proper and desirable course truly is to remove the ceiling altogether, at least the $300,000 figure would leave us room at this moment to benefit from the new proposals for medical care, et cetera. These bills, if enacted, would be of great help to our islands. If Congress in its wisdom will not go further at this time, I urge most earnestly that at least it enact these measures.

However, I should like to urge most earnestly that Congress take the full action needed to bring the Virgin Islands fully and justly into this vital program. After 6 years of operation on inadequate formulas, with special restrictions and with closed end appropriations, we feel that the period of trial and testing should be over and it is time for Congress, as it has done in OASI, to put the Virgin Islands assistance program on the same basis as all other parts of the Nation.

Recapitulating, the minimum steps required are these:

First, and of most importance, we urge removal of the overall ceiling of $160,000 for Federal matching to the Virgin Islands for any one fiscal year. It imposes an arbitrary limitation that has no relationship to the varying but very real need for assistance which may exist from year to year. This arbitrary limitation is imposing a real hardship upon the Virgin Islands right now. Until this ceiling is removed it will nullify, as far as the Virgin Islands are concerned, the improvements in public assistance which may be enacted at this or later sessions of Congress.

Next, we urge that in the aid to dependent children program Congress include matching for assistance to the needy parent or other relative caring for children in the Virgin Islands, as it does for parents or relatives caring for children in other jurisdictions. The lack of this provision is causing now a large number of excesses

over the Federal maximums in aid to dependent children cases. The loss in Federal matching for the Virgin Islands in a year because of this factor—approximately $6,000—would be truly insignificant to the Federal Government as the cost of dealing equitably with needy parents and children of our islands. Our aid to dependent children program is a sound one. Our combined aid to dependent children and OASI recipient rate for children is lower than the national average.

And third and finally, we urge that Congress revise the formula for Federal matching of Virgin Islands assistance payments to the same basis as, or to one that compares favorably with, that afforded the rest of the Nation. If Congress insists that our islands matching formula must have a different base to that of the continent, I respectfully call your attention to the recommendations of the subcommittee of the House Ways and Means Committee, which visited our islands in 1949, studied our program, and made well-considered proposals in this connection. Some revision of these proposals would be needed in line with revisions made to the act for the rest of the Nation since 1949.

All these actions are requisite if the Federal Government is to deal equitably with need existing among United States citizens located in the Virgin Islands. I sometimes wonder if Congress realizes that some of the clients on the Virgin Islands assistance rolls are mainland persons who have come to our islands to live and have fallen into need. We give them aid without discrimination. But these mainland-born United States citizens, like our Virgin Islands-born United States citizens, are denied the full Federal aid they should have. They are denied this merely because they are living in the Virgin Islands instead of in another part of our Nation. On the other hand, Virgin Islands-born United States citizens who live in the United States enjoy there Federal-aided security in their old age or in infirmity which we cannot offer them if they return to their island home. Because of this situation islanders who would otherwise return to the Virgin Islands to spend their declining years remain in the States and remain a burden on the assistance rolls of New York City, Chicago, and other localities on the mainland.

Mr. Chairman, this morning a question was asked in regard to the Federal revenues released to Puerto Rico. I think it is most unfortunate that there is often associated in the minds of Members of Congress the question of Federal participation in public assistance in the islands with the question of Federal revenues released to Puerto Rico, and in regard to revenues of much lesser extent released to the Virgin Islands for the operation of their general governmental programs and public works projects. There is a historical basis for these special actions by Congress. I am not wholly familiar with the situation in regard to Puerto Rico, but I can speak with first-hand knowledge of the Virgin Islands situation. I believe the Puerto Rico situation is like unto it.

Such release of Federal revenues as has been made in the case of the Virgin Islands has been made either in substitution of local revenues which were displaced by Federal taxation, as in the case of the Federal income tax which displaced a local income tax which was necessary for the maintenance of the local government; or have been

in substitution of direct Federal appropriations which were hitherto made by Congress to maintain in the Virgin Islands, despite their depressed economy, essential governmental services (health, sanitation, education, and so forth) at a decent level compatible with United States sovereignty. In addition, in the case of the Virgin Islands, the Federal Government, through the United States Secretary of the Interior, retains a veto power over the use of Federal revenues thus made available to our islands, restricting their use to essential purposes approved by the Federal Government.

I urge earnestly, Mr. Chairman, that the policy of Congress should be to deal with the two questions, namely (a) application of Federal grant-in-aid programs to the islands, and (b) release of certain Federal revenues to the islands for public works projects and other governmental costs, as two separate and distinct questions. The policy should be, I feel, that the Federal Government should participate in the Virgin Islands in the Federal grant-in-aid programs, including the public-assistance program on the same basis it participates therein throughout the rest of the Nation, and that it should continue to make available certain Federal revenues to the islands government to the extent necessary to maintain an adequate level of essential government services and to meet the cost of essential public-works projects. The Federal Government is already extending to the Virgin Islands the full benefits of all Federal grant-in-aid programs except in the program of public assistance. This is true in health construction, in vocational rehabilitation, in child welfare, in mental health, in maternal and child health, and all the others. It is only in public assistance that participation by the Federal Government is less favorable for the islands than it is for jurisdictions on the mainland. Why single out the public-assistance program for emasculation because of this revenue question? So long as Congress does this, it is merely substituting in the Virgin Islands the release of certain Federal revenues for the contributions the Federal Government should be making, through this regular national welfare program, to aid destitute people in our islands. That is an anomalous situation in which the Congress is not effectively helping the islands to struggle out of the economic bonds forced upon them by their depressed economy. Give us the identical privileges of States on the mainland. Give us the opportunity to operate in these national programs like other jurisdictions of the United States. Only then can you assess the extent to which the release of Federal revenues is required and being used to maintain a satisfactory level of regular governmental services in the islands and for essential public-works projects, instead of being used to substitute for contributions to social programs which the National Government regularly gives to other areas of the Nation.

In closing, Mr. Chairman, I ask that I be privileged to read you a letter addressed to you by the Governor of our islands, the Honorable Walter A. Gordon, which he entrusted to me to deliver at this hearing. Governor Gordon says:

I am respectfully urging that Congress enact in this session legislation to enable the United States Government to join with our islands' government in meeting human suffering and want on the same basis it shares with the States and other Territories the cost of their assistance programs, or at least on a basis closely comparable thereto. Dr. Bornn's presentation will give the details of our recommendations in this respect. All of these I strongly endorse. Particularly, I am concerned that Congress remove altogether the unusual limitation

placed upon our program by the $160,000 ceiling set on annual Federal participation therein. I am concerned not only about the figure at which this ceiling is set, but also about the principle involved, since Congress thereby singled out the Virgin Islands and Puerto Rico and imposed upon them a limitation not imposed on other States and Territories. This not only imposes a hardship upon our people and government, but is besides a distressing symbol that Congress has not yet accepted the Virgin Islands as an integral part of the United States despite the loyalty of our people to our Nation and its ideals.

Emphatically, we are not asking for any special benefits for the Virgin Islands. It is one of the firm policies of my administration that we shall not ask Congress for any special favors. On the other hand, I feel that it is my duty to, and I do, urge Congress that Virgin Islanders be accorded in this and other legislation the same status as all other citizens of our great Nation. Give Virgin Islanders the same tools of citizenship as other citizens of the Nation and they will prove hemselves as worthy users thereof as any other members of our society.

A prime example of the foregoing is the participation of the Virgin Islands in the insurance portion of the Federal social security program. Virgin Islanders participate willingly and gladly in the OASI program on exactly the same basis as the rest of the Nation, paying the identical payroll taxes as on the mainland. Is it not incongruous that, in the public-assistance portion of the same Federal program, there should be such serious differences between the benefits accorded Virgin Islanders and those accorded their brothers on the mainland? We ask only that Virgin Islanders, who are full citizens of our country and have proved their loyalty in the shedding of their blood in its defense, enjoy the same opportunities as other citizens of the United States.

Mr. Chairman, I earnestly hope that your committee will make forceful recommendations to this session of the Congress to improve the status of the Virgin Islands in this great national program to meet real, human need.

(The letter from Governor Gordon to Senator Byrd is as follows:)

GOVERNMENT HOUSE,
CHARLOTTE AMALIE, ST. THOMAS, V. I., *February 24, 1956.*

HON. HARRY FLOOD BYRD,
Chairman, Finance Committee,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: By your kind permission, the commissioner of social welfare of our Virgin Islands Government, Dr. Roy W. Bornn, will be testifying before your august body on February 28, 1956, in regard to congressional legislation needed to remove certain inequities which exist in the Federal public-assistance program as it applies in the Virgin Islands.

I bespeak the earnest and sympathetic consideration by your committee of the facts and recommendations which Dr. Bornn will present in behalf of our government. The brief regarding our case, which he will file with your committee, represents the hopes and recommendations of this administration in regard to this important question.

When the public-assistance program was first extended to the Virgin Islands some 6 years ago, it was understandable that Congress exercised caution and provided that our program should begin on a matching formula comparable to that on which the national program was initiated 15 years before, leaving for later application to our islands, when our program had been tried and tested, the improvements that had been legislated for the Nation during the preceding 15 years.

Now, 6 years later, the period of trial and testing is over and it is time to bring Federal participation with our islands' government in this program in line with Federal activity in this respect in all other parts of the Nation. Under the scrutiny of the Federal Department of Health, Education, and Welfare, our assistance program has proved itself to be soundly based and conservatively managed. It is lacking only in adequate financing, of which it is deprived by the combination of poor local resources and inadequate Federal participation.

I am respectfully urging that Congress enact in this session legislation to enable the United States Government to join with our islands' government in meeting human suffering and want on the same basis it shares with the States and other Territories the cost of their assistance programs, or at least on a basis closely comparable thereto. Dr. Bornn's presentation will give the details of our recommendations in this respect. All of these I strongly endorse. Particularly,

I am concerned that Congress remove altogether the unusual limitation placed upon our program by the $160,000 ceiling set on annual Federal participation therein. I am concerned not only about the figure at which this ceiling is set, but also about the principle involved, since Congress thereby singled out the Virgin Islands and Puerto Rico and imposed upon them a limitation not imposed on other States and Territories. This not only imposes a hardship upon our people and government, but is besides a distressing symbol that Congress has not yet accepted the Virgin Islands as an integral part of the United States despite the loyalty of our people to our Nation and its ideals.

Emphatically, we are not asking for any special benefits for the Virgin Islands. It is one of the firm policies of my administration that we shall not ask Congress for any special favors. On the other hand, I feel that it is my duty to, and I do, urge Congress that Virgin Islanders be accorded in this and other legislation the same status as all other citizens of our great Nation. Give Virgin Islanders the same tools of citizenship as other citizens of the Nation and they will prove themselves as worthy users thereof as any other members of our society.

A prime example of the foregoing is the participation of the Virgin Islands in the insurance portion of the Federal social-security program. Virgin Islanders participate willingly and gladly in the OASI program on exactly the same basis as the rest of the Nation, paying the identical payroll taxes as on the mainland. Is is not incongruous that, in the public-assistance portion of the same Federal program, there should be such serious differences between the benefits accorded Virgin Islanders and those accorded their brothers on the mainland? We ask only that Virgin Islanders, who are full citizens of our country and have proved their loyalty in the shedding of their blood in its defense, enjoy the same opportunities as other citizens of the United States.

Mr. Chairman, I earnestly hope that your committee will make forceful recommendations to this session of the Congress to improve the status of the Virgin Islands in this great national program to meet real, human need.

Sincerely yours,

WALTER A. GORDON,
Governor.

Mr. BORNN. I am also privileged to present a resolution passed by the Legislature of the Virgin Islands which is clipped to the material which has already been submitted to you. That material also includes a brief prepared by our department of social welfare which sets forth in greater detail the recommendations we make and the justifications therefor.

The CHAIRMAN. It will be inserted in the record.

(The resolution referred to is as follows:)

RESOLUTION No. 20 (BILL No. 168)

The First Legislature of the Virgin Islands of the United States,, First Session, 1956

Resolution to petition the Congress of the United States to place the Virgin Islands on a more favorable basis with the States of the United States in regard to the public-assisance program of the Federal Social Security Act

Whereas, in 1950, the Congress of the United States, with the laudable purpose of participating with the Virgin Islands government in a program for relieving want and suffering among needy persons in the islands, extended to the Virgin Islands the public-assistance portion of the Federal Social Security Act, but included certain special and unfavorable provisions and limitations applying to such Federal participation in the Virgin Islands program; and

Whereas during the 6 years the Federal program has been in operation in the islands, the Virgin Islands government has substantially increased its own effort to help its needy citizens, more than doubling its own appropriations for the purpose during this period (increasing the Virgin Islands own expenditures for the program from $117,000 in the fiscal year 1949–50 to $250,000 authorized for the fiscal year 1955–56); and

Whereas despite the increased Virgin Islands effort, and despite the fact that Virgin Islands recipient rates are lower than the national averages, the unfavorable provisions which now govern Federal participation in the public-assistance program of the Virgin Islands have kept assistance standards at

deplorable levels (with food allowances averaging 13 cents a meal for an adult and 9 cents per meal for a child of 12 years) and have worked great hardship upon the needy of these islands; and

Whereas the Virgin Islands government has developed, with the Federal aid available in the past 6 years, a program of assistance which is soundly based on policies reviewed and approved by the United States Department of Health, Education, and Welfare, which is conservatively administered by personel of long experience and sound training, and which is closely and continuously supervised by the aforesaid United States agency and has been evaluated thereby thereby as sound and satisfactory; and

Whereas in the old-age and survivors insuranc program, tax rates as well as benefits in the Virgin Islands are identical with those in the rest of the Nation; and in all other grants-in-aid programs the conditions applying to Federal participation in the Virgin Islands programs are the same as for other jurisdictions; and

Whereas the accompanying document entitled "Representations of the Virgin Islands Regarding Amendments Needed to the Provisions of the Federal Public Assistance Program Affecting the Virgin Islands," sets forth those special and unfavorable provisions of the United States law as it applies to the Virgin Islands which cause hardship to the people and government of these Virgin Islands: Now, therefore, be it

Resolved, and it is hereby resolved, That the Legislature of the Virgin Islands does hereby petition the Congress of the United States to:

(a) Remove the overall maximum of $160,000 now imposed upon annual Federal participation in the Virgin Islands program, which is an arbitrary limitation of a type that does not apply in the rest of the Nation, and which is less than the Federal matchnig being earned by the Virgin Islands this year even on the unfavorable matching formula now in effect for the Virgin Islands.

(b) Include Federal matching for assistance to the needy parent or other relative caring for needy children in the Virgin Islands, as is provided for parents caring for children in the States and other Territories.

(c) Revise the formula for Federal matching of Virgin Islands assistance payments to the same basis as, or to one that compares favorably with, that afforded other jurisdictions of the United States. To this end, attention is called to the recommendations of the subcommittee of the Ways and Means Committee of the United States House of Representatives which visited our islands in 1949, studied our program and problems, and made well-considered proposals in regard to the revision of our matching formula.

Thus passed by the Legislature of the Virgin Islands on January 27, 1956.

Witness our hands and the seal of the Legislature of the Virgin Islands this 27th day of January, A. D., 1956.

JORGE RODRIGUEZ,
Legislative Secretary.
WALTER I. M. HODGE,
President.

GOVERNMENT OF THE VIRGIN ISLANDS OF THE UNITED STATES,
INSULAR DEPARTMENT OF SOCIAL WELFARE,
Charlotte Amalie, St. Thomas, V. I., January 20, 1956.

REPRESENTATIONS OF THE VIRGIN ISLANDS REGARDING AMENDMENTS NEEDED TO THE PROVISIONS OF THE FEDERAL PUBLIC ASSISTANCE PROGRAM AFFECTING THE VIRGIN ISLANDS

When, in 1950, the public assistance provisions of the Federal Social Security Act were extended to the Virgin Islands, several special unfavorable provisions were applied to the Virgin Islands which have kept assistance standards at deplorable levels, have worked untold hardship upon the needy of our islands, and have imposed a heavy burden upon the limited resources of our islands government. Following is a comparison of these provisions:

(1) The Federal Government participates in assistance payments in all four Federal categories up to certain specified maximums for monthly assistance to each individual. Below is a comparison of these monthly maximums, as set by the present law, for the Virgin Islands and Puerto Rico and for the remainder of the Nation:

	The States, District of Columbia, Hawaii, Alaska	Virgin Islands and Puerto Rico
Aged, blind, and disabled	$55	$30
Children:		
First child	30	18
Each additional child	21	12
Needy parent or other relative caring for children	30	(1)

[1] Not matched.

(2) Federal sharing in the assistance payments, within the maximums above stated, is much less favorable for the Virgin Islands and Puerto Rico than for the rest of the Nation as shown below:

	The States, District of Columbia, Hawaii, Alaska	Virgin Islands and Puerto Rico
Aged, blind, and disabled	80 percent of the first $25; 50 percent of the remainder.	50 percent of the total.
Children	80 percent of the first $15; 50 percent of the balance.	Do.

(3) For the States, the District of Columbia, Hawaii, and Alaska, no ceiling is set as to the total Federal participation in their programs, either by months or years or otherwise. All assistance properly given to needy individuals within the individual maximums set forth above is matchable by the Federal Government.

For the Virgin Islands, section 1108 of the Federal act limits the total Federal participation in the Virgin Islands program to $160,000 with respect to any one fiscal year, no matter how much Federal matching in excess thereof the Virgin Islands may have properly earned. Despite the reduced maximums imposed on individual monthly assistance payments in the Virgin Islands, and despite the low rate for Federal participation prescribed, as above, this further ceiling was imposed.

The present program in the Virgin Islands

Despite the unfavorable provisions imposed as above, the Government of the Virgin Islands, with the Federal aid available during the past 6 years, has developed a sound well-rounded program that is deficient only in its deplorably low rates of assistance.

Caseload.—The assistance caseload in all categories has been kept to a minimum. Only unemployables (the aged, the blind, the disabled, and children) receive aid. Recipient rates in the Virgin Islands (the ratio of assistance and OASI recipients to population) are lower than the national averages (for OAA, only 73 percent of the average in the United States, and for children, just below the national average but only 43 percent of the Puerto Rico rate). The total caseload in the Virgin Islands reduced from 1,734 persons in June 1952 to 1,673 persons in June 1955, a period during which Federal funds were available in our program. This total includes the general assistance caseload, in which the clients (aided entirely from local funds) receive assistance on the identical standards as the cases aided with Federal matching.

Virgin Islands appropriations.—During the 6 years the Federal program has been in operation in the islands, the Virgin Islands Government has substantially increased its own effort to help its needy citizens, more than doubling its own appropriations for the purpose during this period (increasing the Virgin Islands own expenditures for the program from $117,000 in the fiscal year 1949–50 to $250,000 authorized for the fiscal year 1955–56).

Assistance rates.—Despite the increased Virgin Islands effort, and despite the careful controls which have kept the caseload low, the unfavorable provisions governing Federal participation have kept assistance standards distressingly inadequate. These standards have improved as local appropriations increased but even today, with appropriations more than twice what they were 6 years ago, the standards are grossly inadequate and will sound futile in mainland ears. The maximum allowance for food for an adult is $12 per month (40 cents a day

or about 13 cents a meal) ; for clothing it is $3.50 per month ; the maximum rental allowance is $6 per month for 2 persons. Our average grants on the new standards are $18.60 per month for an adult and $11.30 per month for a child. Unfortunately, living costs in the islands are high. Food and clothing cost more than in the United States because we must import from the continent most of what we wear and eat. A survey some years ago indicated that imported foods cost in the islands on the average 61 percent more than in Washington, D. C.

Loss in Federal matching

Even at the low assistance standards set forth above, the special restrictions that now apply to our program result in loss of Federal matching to the Virgin Islands and impose upon our slim treasuries an increased burden that they cannot afford to carry. As a combined result of the low individual maximums and the overall ceiling, we shall lose approximately $26,000 in Federal matching in the current year's operations at the new rates. It is probable that we shall not be able to continue even these low standards unless the Congress acts promptly to give our islands government some relief.

RECOMMENDATIONS

We urge most respectfully and most earnestly that action be taken during this session, at least on the following items:

(1) First and of most importance, that Congress remove the overall ceiling of $160,000 for Federal matching to the Virgin Islands for any one fiscal year (imposed by sec. 1108 of the act).

To accomplish this, we suggest deletion from section 1108 of the words "and the total amount certified by the Administrator under such titles for payment to the Virgin Islands with respect to any fiscal year shall not exceed $160,000."

(2) Next, that in the program for aid to dependent children, Congress include matching for assistance to the needy parent or other relative caring for children in the Virgin Islands, as it does for parents or relatives caring for children in the States and other Territories.

To accomplish this, we suggest that, in section 403 of the Social Security Act, add at the end of the clause (a) (2) therein, the words "and, in the case of the Virgin Islands, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18."

(3) Revise the formula for Federal matching of Virgin Islands assistance payments to the same basis as, or to one that compares favorably with, that afforded other jurisdictions of the United States. To this end, attention is called to the recommendations of the subcommittee of the Ways and Means Committee of the United States House of Representatives which visited our islands in 1949, studied our program and problems, and made well-considered proposals in regard to revision of our matching formula. Some revision of these proposals would be needed in line with those made to the act for the rest of the Nation since 1949.

JUSTIFICATIONS

Removal of the ceiling of $160,000

Such a ceiling has never been imposed upon any State or Territory other than Puerto Rico and the Virgin Islands. There exists no valid reason for it that we know of. This ceiling upon the total annual expenditures for the program produces an arbitrary limitation that has no justification and no relationship to the varying but very real need for assistance which exists in these islands from year to year.

This arbitrary limitation is imposing a real hardship upon the Virgin Islands right now. We are at this moment face to face with the fact that, with the improvement in standards, without increasing our low recipient rates, without any increase in caseload, with administrative costs still running below the average for the Nation, with grants averaging only $18.60 per month for an adult (compared to the $18 and $12 maximums), and without Federal matching for our ADC caretakers, we shall be earning this fiscal year approximately $20,000 in Federal matching above the present $160,000 ceiling, $20,000 we shall earn that our islands will lose if this ceiling is not removed at this session of Congress.

When this ceiling was first imposed, Congress had no experience as to how the Virgin Islands would run an assistance program. Its desire then to create some overall limitation, some safeguard, could be understood. Now, after more

than 5 years of operation, the record of public assistance in the Virgin Islands is sound and makes it clear that there need be no fear of the program running out of bounds. The United States Department of Health, Education, and Welfare, which supervises our program very carefully, can, and I believe will, attest to that record. Surely Congress can be, and should be, persuaded now to remove this unscientific and unfair limitation upon aid to the needy of our islands.

Inclusion of matching for the parent or relative caring for ADC children

The omission in the current act, in the aid to dependent children program, of Federal matching for assistance to a needy parent or other relative caring for ADC children in the Virgin Islands imposes an unwarranted hardship. Congress recognizes that Federal matching for assistance to meet the needs of such parents or other "caretakers" in the United States is seriously needed, and is fully justified. The same is completely true for such matching for assistance to parents and other "caretakers" in the Virgin Islands. The lack of this provision is causing now accesses over the Federal maximums in the large majority of ADC cases with one child, and in many of the cases with a small number of children. The resulting loss in Federal matching will be approximately $6,000 despite arbitrary maximums we have been forced to impose on our ADC grants.

Our ADC program is a sound one. Our ADC recipient rate has remained relatively steady, 57 per thousand in June 1952, to 56 per thousand in June 1955. We have strong support laws for illegitimate as well as legitimate children. We use the courts vigorously to enforce support where it is available. Our proportion of absent parents, 43 percent, is less than the national average, 59 percent.

Our proportion of cases in which need arises from death of a parent, 21 percent, is greater than the national average, 17 percent (HEW study, 1953). This is the result of the care with which our policies are established and applied. This should be one other cause for assurance on the part of Congress that justice done in this program to the people of the Virgin Islands will not result in pauperization of the people but in help to aged, blind, disabled, and children in serious need of aid.

General revision of the Federal matching formula for the Virgin Islands program

It is earnestly recommended that Congress place our matching formula in general on a basis comparable to that applicable in the rest of the Nation, eliminating the inequities described on the first page of this brief. This is action needed to do full justice to needy United States citizens who, when they reside in the Virgin Islands, are denied the full privileges those same citizens would enjoy if they lived in another area of the Nation. In the OASI program, tax rates and benefits in the Virgin Islands are identical with those in the rest of the Nation. In all other grant-in-aid programs, the conditions applying to Federal grants to the Virgin Islands are the same as to other jurisdictions. It is difficult to find justification for the difference in treatment accorded the islands and their residents in the public-assistance program. The 1949 proposals of the subcommittee of the House Ways and Means Committee (referred to in recommendation 3 above), would bring a much greater measure of justice to the needy people (continentals and islanders alike) residing in our islands.

I do hope that Congress will determine that it is just and fair to accord the Virgin Islands and their people the same treatment in the laws governing public assistance as in accorded other jurisdictions and citizens of the United States, and that it is necessary, in the spirit of justice, to remove the special clauses which tend to set them aside as "second class" areas and "second class" citizens. Willingly, without hesitation, and with patriotic fervor, our youth have undertaken the highest responsibility of citizenship, have fought and died for our country, like American youth all over the Nation. Likewise, our aged, our disabled, our blind and our children are entitled to the fruits of that citizenship—and in their hour of need deserve the same consideration as the aged, disabled, blind, and children on the mainland.

Respectfully submitted.

ROY W. BORNN,
Commissioner of Social Welfare for the Virgin Islands.

A FAIR BASIS FOR DETERMINATION OF A MAXIMUM ON THE ANNUAL TOTAL OF FEDERAL PARTICIPATION IN THE VIRGIN ISLANDS PUBLIC ASSISTANCE PROGRAM

A ceiling upon the total annual Federal contribution for the public assistance program in the Virgin Islands can at best be but an arbitrary limitation that has no sound justification and no true relationship to the varying but very real

need for assistance which may exist in the Virgin Islands from year to year. Such a ceiling has never been imposed upon any State or Territory other than Puerto Rico and the Virgin Islands. There exists no valid reason for it that we know of. Any such ceiling is most undesirable.

But, if Congress insists upon maintaining some limitation, undoubtedly it must recognize the wisdom and justice of raising the present ceiling substantially. In this event, a ceiling of $300,000 is proposed, which amount is fully justified by the following considerations.

A ceiling on Federal participation in the assistance program of the Virgin Islands cannot be soundly based on existing expenditures in the islands, since the standards of assistance are now seriously inadequate (for instance, 13 cents allowance per meal for food), since prices are relatively stable now but may not always nor long be so, and since caseloads are at a low figure which might be seriously increased in a time of adversity. Accordingly, it is believed to be more sound, and it is proposed, that the determination of the ceiling for Federal participation in the Virgin Islands program be based on the product of the population of the Virgin Islands times the average amount presently being expended per inhabitant for assistance in the Nation as a whole, with some cushion provided for possible fluctuations in the cost of living, economic conditions, and caseloads.

Based on public assistance payments throughout the United States and its Territories, and based on the entire population thereof, the United States Department of Health, Education, and Welfare has issued data showing that the average amount expended per inhabitant for assistance payments for the fiscal year ended June 30, 1955, was $9.68 for old-age assistance, $3.78 for aid to dependent children, 42 cents for aid to the blind, and 90 cents for aid to the disabled. The highest rate in old-age assistance was in Colorado, $34.07 per inhabitant, and the lowest was in Virginia, $1.73 per inhabitant.

Based on the foregoing, Federal matching earned in the public assistance program in the Virgin Islands in a given year, in the four Federal categories, might well total more than $300,000 (even at the low 50-percent Federal matching now applicable in the Virgin Islands program), as follows:

Assistance:	
In old-age assistance, 27,000 Virgin Islands population at $9.68	$261,360
In aid to dependent children, 27,000 Virgin Islands population at $3.78	102,060
In aid to the blind, 27,000 Virgin Island population at $0.42	11,340
In aid to the disabled, 27,000 Virgin Island population at $0.90	24,300
Total assistance	399,060
Administration:	
Based on actual administrative costs anticipated in appropriations passed for fiscal year 1955–56 (proportion chargeable to Federal categories)	92,508
Grand total	491,568
Federal matching:	
At 50 percent of both assistance and administration	245,784
Twenty-five percent increase to provide for fluctuations in caseload and in cost of living which might arise in periods of unployment, economic dislocations, etc	61,446
Total probable matching earned	307,230
Minimum ceiling (if Congress insists on imposing one)	300,000

It must be noted from the above that, at present average mainland assistance rates, the average mainland area of our size of population would be earning approximately $250,000 of Federal matching if its matching formula were at our low rates. At the higher matching rates applicable on the mainland, the average mainland area of our size of population is actually earning now considerably more matching than the $300,000 ceiling proposed for the Virgin Islands. Since the above calculations are, as shown above, based on current averages in a time of normal caseloads and of relatively stable prices; since we are dealing with an overall ceiling which would apply as well in times of adversity with increased caseloads and in times of inflation with relatively high prices; and since even in normal times the average mainland area of our size of population is receiving more than $300,000 in Federal matching, there is

undoubtedly full justification for raising the ceiling to at least $300,000 as proposed, if Congress insists that a limitation must be imposed.

In the foregoing, there has not been taken into account an additional factor which should result at this time and for some years to come in a higher average of assistance payments per inhabitant in the Virgin Islands than in comparable areas in continental United States. This is the fact that the OASI program is so new in the Virgin Islands that it does not now, (and will not for some years to come) cover in the islands any appreciable proportion of the aged and of orphaned children, as it does in the United States. Our OASI recipient rate in the Virgin Islands for persons 65 years and over, in December 1954, was 92 per thousand as compared with 388 per thousand in the United States. For children, the Virgin Islands rate was 6.1 per thousand as compared with 20.7 in the United States. This tends to make our assistance recipient rate higher than in the continental United States, which in turn operates to make our assistance payments per inhabitant high compared to those in the United States. Virgin Islands asistance standards may be considerably lower than in a given State, yet our average assistance payment per inhabitant may be higher than in that State.

Finally, it should be noted that, if a medical care program is added to the public assistance program of the Nation, as is currently proposed, this would mean that the $300,000 ceiling suggested above would promptly prove inadequate. The need to revise the ceiling each time the program as a whole is amended is another argument for removing it altogether. This would undoubtedly be the most desirable course to follow.

Mr. BORNN. I do hope, Mr. Chairman, that these documents will indicate to your committee that the executive and the legislative branches of our Government and all the people of our islands are one in feeling and urging that it is time for Congress to act to bring justice to the needy of the Virgin Islands.

Mr. Chairman, I thank you sincerely for the opportunity to appear before your committee to plead our case. I rest it now in the hope that your committee and the Congress will act speedily to bring justice and happiness to the aged, the disabled, the blind, and the children of the Virgin Islands.

I thank you, sir.

The CHAIRMAN. We are very glad to have your testimony.

Are there any questions?

Thank you.

The next witness is the Rt. Rev. Msgr. John O'Grady, secretary, National Conference of Catholic Charities.

STATEMENT OF RT. REV. MSGR. JOHN O'GRADY, SECRETARY NATIONAL CONFERENCE OF CATHOLIC CHARITIES

Reverend O'GRADY. I am the Right Reverend John O'Grady, secretary of the Conference of Catholic Charities. I have stood behind the social security from its beginning and for many years before we even had a social-security program.

When the Social Security Act was first passed by the Congress in 1935 the United States was in the midst of a great depression. One of the results of this depression was to sweep the older people from the labor market and there was no hope of their ever returning. Some other means of support had to be found for them. From the point of view of our thinking at the time, the simplest method seemed to be an old-age pension according to the concept that had been worked out during the twenties. It was to be a rather definite allowance with a sort of a modified needs test. The character of this test naturally varied from State to State and while title I of the Social Security Act,

providing grants-in-aid to the States for old-age assistance, assumed that it would be based on need, the States were given a great deal of discretion as to the method of determining need. In fact, for all practical purposes, the writing of the needs test was left to the State legislatures. In some States like Colorado, California, Washington, Louisiana, and Massachusetts, the legislatures assumed that old-age assistance was to be a sort of a pension, while in States like New York, New Jersey, Illinois, and Pennsylvania, the amount of aid given was based on a more or less rigid budget of resources and needs. And that means actually the State legislatures decide what Congress should give to the States in the so-called open-end grants.

In the discussions that have taken place before the House Ways and Means Committee and the Senate Finance Committee since 1935, it has been generally assumed that Government responsibility for the aged should be discharged through a benefit based on rights and that this benefit should be supported equally by a tax on employers and employees. It was assumed that the amount of the benefit should bear a more or less close relationship to the contact of the worker with the labor market. The original thought was that a worker who had spent 35 years in the labor market should be provided with a certain minimum amount of protection on reaching age 65.

Even before any benefits were paid under the act, a Commission was set up to study the possibility of some immediate changes. The Commission recommended two radical changes. The first dealt with the character of the worker's relationship to the labor market. It was not practical to have older workers deprived of any hope of securing benefits within their lifetime. Congress therefore, in response to the recommendations of the Commission, provided that workers could receive minimum benefits on the basis of six quarters of labor coverage. Under the original Social Security Act protection was confined to the worker who had reached the age of 65 and who had spent his life in the labor market. In 1939 the concept of family responsibility was brought into the picture and provision was made for the payment of benefits to the wives and children of workers who died prematurely. Definite protection was provided for the family of the breadwinner who died prematurely. Provision was also made for the wife to receive a benefit when she reached the age of 65.

Again in the 1950 amendments to the Social Security Act, Congress made it relatively easier for older workers to secure benefits. Those who had attained the age of 62 might secure complete protection by 6 quarters of coverage. In the amendments of 1952 and 1954 Congress made it possible for the older workers to receive substantial increases in a fairly short period of contact with the labor market.

Of course, we have not seen as yet the full results of these amendments, not even of the 1954 amendments, because we brought in at that time the self-employed. Earlier we brought in several other groups, and no one yet knows the complete cost of what we had already done during the early 1950's has meant. We know that the cost has been increased by vast proportions.

It was the original concept that grants-in-aid to the States for old-age assistance should be regarded as a transitional benefit. It was assumed that as the system matured and attained universal coverage, grants for public assistance would no longer be necessary. As we

moved along into the 1940's we found ourselves with what really amounted to two complete systems working in competition one with the other. In 1945 the Federal Government contributed $726,550,000 a year toward old-age assistance, and $1,459,492,000 for Federal insurance.

In 1954, the Federal Government contributed $1,592,778,000 for old-age assistance and $5,086,706,000 for Federal insurance. In other words, that is the present level of contributions for the payment of the Federal Government for old-age insurance. While there has been a very great increase in the contributions of the Federal Government toward old-age insurance beginning in 1950, the contributions for old-age assistance have virtually remained at a standstill. This has been equally true of contributions for aid to dependent children, aid to the blind, and aid to the permanently and totally disabled. It is not easy to explain the continuing large expenditures for various forms of assistance under the Social Security Act in the face of the vast expansion in OASI, especially since 1951. Not only do we have virtually no decline in public assistance in the face of what is virtually full employment and a vast increase in social insurance but we have more demands from the States for increases in existing categories of public assistance and for the addition of new categories.

H. R. 7225, which was passed by the House in the 1st session of the 84th Congress, is now being studied by the Senate Finance Committee. The committee is to be commended for the very systematic way in which it is studying all the implications of the proposed revisions to title II of the Social Security Act.

The bill now before the Senate committee proposes to make two basic changes in title II. It proposes to add to title II a new category of permanent and total disability. It is quite natural that those who are pleading for this new category should attach very great importance to the protection of workers against what they consider a very serious hazard. Those who are opposed to adding the new category would tend to emphasize the very great difficulty of defining permanent and total disability. They point to the decisions rendered by the courts in the thirties in regard to permanent and total disability under private insurance plans and also under workmen's compensation. During this period the courts were very sympathetic toward the pleadings made on behalf of workers suffering from disability which they considered permanent and total disability. They were undoubtedly impressed by the plight of the workers. However, if we look at the facts squarely we will find that the number of workers disabled by this hazard is much smaller than it was in the thirties. It might have been related to the depression, and of course the decisions of courts had some relation to the depressed conditions.

There has been a great deal of improvement in working conditions, including health facilities. At the present time we tend to assume more and more that disability is relative to one's attitude toward it. Moreover, we have today a new faith in the possibilities of rehabilitation. And I need not add all the gerontologists have said about what we can do even for those who are very severely handicapped and well along in years.

In rehabilitation programs up to date, there has been a tendency to stress programs for younger workers many of whom would undoubtedly have taken care of themselves without any Government program.

Great stress has also been placed on the rehabilitation of those who have been partially disabled. So far, progress in the development of programs for the rehabilitation of older workers has been rather limited. Since the thirties considerable progress has been made in the study of permanent and total disability. Insurance companies have acquired a considerable amount of experience in this field. Some progress has also been made by State commissions engaged in the administration of workmen's compensation. But I think that workmen's compensation commissions are beginning to take a new look at this whole picture and are beginning to ask, what does it mean for the workers to receive a benefit over a long period of time without any effort to profit by a rehabilitation program which would qualify them for some type of work? That is in line with the general traditions of today, that people, even people who are handicapped, ought to try to qualify for some type of work. I know it is not easy, but progress is being made in this direction.

At this point I should have to emphasize one very great defect that stands out in the proposal to add the new category of permanent and total disability to title II of the Social Security Act. I am referring here to the machinery that has been proposed for the determining of permanent and total disability. The determination would be made by the agencies of several States. We would therefore have as many methods of determination as there are States. And there are different divisions of States. I have probably seen as much administration as anyone else of this temporary disability. It requires a great deal of skill, and therefore it requires very carefully selected personnel. I doubt very much if the personnel that we find in the ordinary public welfare department is qualified for this task. I would rather reach out to the States that have permanent and temporary disability. They have been through an ordeal in getting their programs under way. I can remember very well what happened in the States, because I had a chance of studying these programs firsthand. There was a great deal of malingering and it took a long time, because they did not have qualified personnel. I am, of course, unalterably opposed to depending entirely on doctors. I think this determination of disability has to be done by people who are specially qualified in this field.

Much is to be said for adding a new category of permanent and total disability to title II of the Social Security Act provided that the new category is administered quite rigidly. Now, I have had a great many discussions about decreased costs, and I notice that the general estimate has been that the suggested amendments will bring up the cost about 9 percent. Now, if you play with it some more, maybe it will add up to 15 percent, and there will be a big question as to what a gross tax of 15 percent amounts to and what it will do to the whole social-security system.

In the first place, it should be a Federal administration. I think that is the only practical way, because we have an act administered by the State and one by the Federal Government in the same pattern, and it should be administered by people who have built up a body of experience in the administration of permanent and total disability. It is to be hoped that people can be recruited from State agencies charged with the administration of workmen's compensation—that is,

in States where they are administering it according to good standards—and also from States like California, New York, and New Jersey that have had experience in the administration of temporary disability.

It is important that a person making application for benefits under the new category should have a considerable amount of recent contact with the labor market. It is important that he should have had employment experience in 6 of the last 13 quarters. That is precisely what the bill provides. Moreover, under the proposed new category the worker must have been employed half the time between January 1, 1951, and January 1, 1957. He would also have to have been disabled for a period of 6 months. There is real question as to whether 6 months is sufficiently long to determine the worker's possibilities for rehabilitation. It might be more desirable to require a year during which he could receive a benefit through the rehabilitation service provided he made a constructive effort to qualify for regular employment. That is the whole tendency, as I see it today, with all of these people, because we are changing our whole attitude toward retirement.

Many of the proponents of the new category under OASI point out that it would contribute greatly to lifting the load of public assistance. I presume they have in mind the possibilities of lifting the load of public assistance to disabled fathers under the ADC program and to the permanent and totally disabled under the grants-in-aid program made available to the States for this purpose. I do not believe that our experience justifies too much optimism under this head. People receiving relief over a period of time are liable to have become greatly demoralized—I see this all around the country in our depressed areas right now—and it is very difficult to interest them in a rehabilitation program. I would rather think of the proposed category for permanent and total disability as a means of keeping people off the relief rolls.

I would think of it in the same way that I think about old-age insurance. It provides a basic minimum for people who are relatively self-supporting, for people who have retained their independence, for people whose bonds of family life are still strong. This is the way in which I would think of any group that is added through benefits based on rights.

We are not giving total protection for them, the people do not expect it. It is this group that does not lean on Government or other form of outside assistance. My own studies lead me to believe that a benefit based on rights would be an advantage for such people. It would provide one form of benefit which would be a part of a larger program that they had worked out themselves through their own efforts and through the efforts of their own families. This benefit again has to be administered in an objective way. It has to be administered in such a way as not to depress the people who share in it.

And that is the great difficulty, as I see it, about all these benefits. There is a big question as to how far we have depressed people through the administration of many of these benefits.

Another very important and far-reaching provision included in H. R. 7225 is the lowering of the qualifying age of women from 65 to 62. Many good arguments can be offered for this amendment. One could undoubtedly find some very deserving cases of women who have lost their husbands by death before they have reached their 65th

year. The number, however, is probably not very large and there are undoubtedly other ways in which their needs could be taken care of without imposing too much of a strain on our whole social-security program. I understand now that in many of the so-called fringe-benefit plans, there is a good deal of discussion about providing for the wives of the workers.

There are evidences that such a provision may be made through private plans being set up in the different industries. Many suggestions have been made about the needs of women whose husbands are compelled to retire at 65. But as a matter of fact, this is becoming the exception rather than the rule. In fact, the whole tendency under social security is more and more to think about employment rather than retirement for people at 65. There is more and more of a tendency to regard 65 as too early an age for retirement. In fact, the ordinary age for retirement today is much closer to 70.

If we are going to reduce the qualifying age for women from 65 to 62 there will be a tendency to reduce the qualifying age for men and then the question will arise—Why stop at 62? Why not reduce it to 60 or to 55? This brings us to the gravest question that is facing social security at the present time. If the present amendments should go through, the cost will increase to at least 9 percent of the payroll before 1975 and if the Congress keeps on lowering the ages it is quite possible that the cost may in time amount to 15 percent of the payroll. I am sure the members of the committee understand that. This may in time discredit the whole system of social security that is really the property of more than 70 million fully insured people and 95 million who are covered, including the 70 million. The American people have great faith in the social-security program. It is a definite part of their security. They do not expect everything from it. That should be emphasized in season and out of season. They haven't reached the stage yet where they want to be leaners on anything. They do not expect that Government will protect them against all the hazards of life or that it will give them full and complete protection.

There are so many worthy and appealing needs that could be included under the social-security system. Now, there is a new hope that Congress may be willing to face the real issues involved. It is to be hoped that in thinking about any large expansion in the future, the Members of Congress will not come to regard Government insurance as a complete protection against all the hazards of life. In recent years there has been a phenomenal increase in individual savings. There has also been a vast increase in homeownership. There has been a phenomenal increase in private pension plans of all sorts. Government social security therefore is only a part of the protection set up by the American people to protect themselves against the hazards of life.

In discussing the plight of a certain number of older people that we have come to regard as completely dependent, it is well to keep in mind that we have not yet devised any system that will protect the real hardship cases. In the course of my studies and in my day-to-day experience, I have encountered a number of these cases. In a recent study that I made of the aging in a certain area in St. Louis, I was impressed by the number of chronically ill people who were taken care of by their own families in their own homes. When I mentioned

this to some of my technical advisers they told me that I could expect to find about 11 percent of my schedules in this category. But before I had finished, I found that 15 percent represented cases of this type. Most of them had some security provisions but they were wholly inadequate. And that showed what the people themselves were doing for themselves.

Now, I am greatly concerned about some of these recommendations that are coming along the line about all of this self-help. And I have worked on self-help organization not only in various communities in the United States, but also in the Indian villages and in African villages. And I am greatly impressed by the new interest in the individual, what he can do for himself, what he can do in a group in his own community.

We have built up a sort of tradition in the United States that we have got to get specialists to do all these things for people. Now, specialists have their values; nobody can discount the values that our best human experience provides. But to assume, for example, that I can take a few specialists, a hundred specialists, or 500 specialists into Harlem, and that they are going to solve the problems of juvenile delinquency in Harlem is absurd. Nobody will be able to do anything until we get the Puerto Ricans to organize and develop their own programs and to develop some real programs of neighborhood self-help. And we do not always find that the specialists are the best people to do that.

There is a point that I think has to be kept in mind about these various forms of public assistance. It is interesting to note that at this stage when, as I pointed out, we have a vast increase in OASI benefits and virtually full employment there is no decrease in our public assistance—and with the amendments suggested we would have a vast increase in it. And at the same time we are talking about finding substitutes. In our debate in the thirties—and I remember it well because I fought through it—the understanding was that we were to find substitutes for public assistance. And I am amazed that the public assistance people have made so little progress in finding substitutes. Sometimes they give one the impression that there exists substitutes, that they want to glamorize this assistance program, and that they are really not anxious to find substitutes for it. Now, it seems to me that all the suggestions that are coming up along the line are about special programs for depressed areas. In these depressed areas you will find people who have been on assistance for a long time, and it is very difficult to get them off. We ought to think about projects of that sort.

I am glad to hear some of the suggestions that have been made in regard to research. But I don't believe that the research can be done by the people administering it, because it is very difficult to study one's own programs. We want to glamorize our own programs. It ought to be independent research. The amazing thing is that there has been so little research, and I say that with all due respect to my friends who have been administering it through the years—that we have so little research. And that is particularly true in regard to families. I am very concerned about families. I see them in public housing projects and I am very much concerned about the moral standards of family life. That is the sort of thing that ought to

involve collaboration with voluntary groups. I think only one mention was made of voluntary groups throughout this whole presentation this morning. We ought to give thought to various ways and means of finding substitutes for public assistance, because I feel that if this program of public assistance continues to snowball I am not sure what it will do to American family life.

I was interested also in the recommendations in regard to child welfare services, because, after all, I speak for quite a number of voluntary welfare organizations. And we have had to deal with these public welfare groups in the various States. And sometimes I wonder whether or not they are more interested in getting us out of business than they are in finding programs for children. I know we have our deficiencies too, but we try to face them as we go along.

I participated a good deal in the discussions of title V of the act when it was first being written. And we wanted a program that would stimulate efforts in the States. Now, I know what the State welfare commissioners want now. They would like to draw more money into the State. They think that this program is going to help them. But I am not so sure about that. If I could be convinced that it would result in their getting more dynamic programs, but I am not so sure as to what would happen. I have not had a chance of studying the proposed amendments to title V because the bill is not yet available and it is therefore difficult for me to discuss it.

I would like to submit to this committee, since it is considering this assistance legislation seriously—I would like to submit a memorandum discussing some of these things critically. I am interested in the health program, and I am interested in what is happening under vendor payments in the States. I have questioned as to how that money is being expended at the present time and as to what is happening under this vendor program in the States. I think it is a question of whether they are exceeding the ceiling that Congress set up, the $55 maximum—that is the real question that needs to be faced. I think all of these questions ought to be faced honestly and objectively. We may not all agree. But those of us who work on these programs day by day, naturally, at times become tense about them. We wonder where we are going. As I said to one of the best authorities in social security the other day, "How much do we know about this public assistance in the States? How much research have we had?"

He said, "I haven't done any. Do you know of anybody that has done any research on this?"

And I said, "No; I don't know of anybody. I have been trying for weeks and weeks to find somebody that has done some objective research on this matter of the States—what it has done, what it is doing to family life."

It seems to me that this is a matter of conscience, and I am greatly interested in it. I don't want to see anybody who is in need not taken care of. But I want to be able to study these questions firsthand for myself and to have my own views about them and consider these views in the light of the whole economy today, because I don't think you can separate something that involves $6 to $8 billion a year without considering its relationship to the whole economy—what it is doing to the whole economy, and especially when we consider all these fringe benefits that are set up by unions and management.

There is the question of the management of these funds—this is going to be a huge problem, whether the money can be used for housing, how is it going to be invested—all these questions have to be thought out. This is no longer just a matter of social welfare; it is a matter of the whole economy of the country, of its whole physical system, of what the people can stand, what dynamic economy can support and remain a dynamic economy. If it is going to become a rigid Government economy, that is one thing. If it is going to become a dynamic economy that produces—because you cannot distribute something that you haven't produced, and it is our theory, at least, that we cannot produce without having a dynamic economy. That means a certain amount of freedom for the individual.

Finally, I would like for the record to emphasize my belief in dynamic voluntary organizations. I think they are needed in this whole program, they are needed to keep the public organizations on their toes, they are needed to keep life in this program, because life is going to come from the bottom, it is not going to come from the top in any organization, it is going to come from the neighborhood, it is going to come from people who have convictions about their own rights and their own welfare and their own well-being, and are willing to help themselves to their utmost, so that they do not become dependent on anybody, on any voluntary organization or any Government organization, they have learned to take care of themselves. As I see all this planning today in our communities, I am more and more convinced that you are not going to have any program—you may have machinery, and all the planners and maps and charts—but you are not going to have a program without a dynamic community in which the people are participating actively in it, not being told to do so by governmental organizations, or by central citywide organizations, because it is very hard to get these organizations to reach out into the ordinary neighborhood. And you are not going to get life in these neighborhoods, life that can build up families, that contribute to the family life in the people themselves if their neighborhoods are not interested in it. And they get about the type of law enforcement that they want. You can get all the workers that you want, but sometimes when you get into these neighborhoods you get into disputes. There are an awful lot of controversial questions, and you have to have a lot of courage to speak out.

I want to thank you, Mr. Chairman, and the committee, for this opportunity of presenting my views.

The CHAIRMAN. We are glad to have you with us indeed.

Any questions?

Thank you very much.

(The following letter was subsequently received for the record:)

NATIONAL CONFERENCE OF CATHOLIC CHARITIES,
OFFICE OF THE SECRETARY,
Washington 6, D. C., March 7, 1956.

Hon. HARRY F. BYRD,
United States Senate,
Washington 25, D. C.

DEAR SENATOR BYRD: I was very glad to have an opportunity of appearing before your committee on H. R. 7225. It was my understanding that this was the only bill on which the committee was taking testimony. Because I was entirely unaware that the committee would accept testimony at this time on

S. 3297 and S. 3139, I was wholly unprepared to present any detailed analysis of these two bills. Moreover, as I stated before the committee, I had been unable to secure a copy of S. 3297. However, in my work on social security through the years, I have naturally been acquainted with the objectives of the various groups interested in proposing legislative changes.

By reason of my position as secretary of the National Conference of Catholic Charities and my close contact with child welfare in virtually all the States, I naturally know something about what is happening in this field. It is, moreover, a matter of vital concern to the 600 or more Catholic agencies engaged in child welfare.

I am convinced that S. 3297 paves the way for revolutionary changes in the whole program of child welfare in the United States. The $10 million authorization is of relatively little importance. What is basic in the bill is that it opens the way for the taking over by the Federal Government of a very large share of responsibility for the care of children. There will be constant pressure for taking over the work of existing voluntary organizations. This is really what many of the commissioners of public welfare envisage. This is what they have been saying openly. The cost certainly will not stop at $100 million. It could easily amount to a quarter of a billion dollars a year.

A very large part of the responsibility for the care of children has been assumed by voluntary organizations. This is especially true in large cities like New York, Philadelphia, Detroit, Chicago, and San Francisco. These cities have been able to enter into arrangements with local voluntary agencies for the purchase of service from them on a per capita basis. In some places State contributions have not been involved because of constitutional difficulties due to court decisions and legislative acts which were passed before the State governments became involved in social welfare.

S. 3297 provides for State sharing in the cost which means, for example, that in the State of Pennsylvania our agencies and the agencies operated by the Lutheran Church and some other churches would be virtually out of the picture within 6 months after the bill was passed. There is another factor that should be considered in studying this bill, namely, the relationships of the courts to the local agencies engaged in the care of children. The courts usually make the fullest use of the existing voluntary agencies and they are able to arrange for small payments to the agencies through the local units of government. This relationship between courts and child welfare, I believe, is very helpful. The public welfare leaders would like to take over a large part of this responsibility from the courts. This, I feel, would be a definite step backward in child welfare in this country.

The work of caring for children away from their own homes has constituted a very large part of the charitable work of our church in the United States. This bill is a serious threat to our program because it would bring Federal funds into communities in which the work is already being carried on quite successfully by voluntary agencies, including the agencies of our church. Some of the welfare workers would like to see this work taken over by Government.

I am citing these few things about S. 3297 in order to indicate the need for careful study of the bill before definite action is taken on it. It is most important that all the agencies concerned, including the juvenile court judges, should have ample opportunity of presenting testimony on the different aspects of the questions involved.

I would like to make one point about S. 3139. I have grave concern about the changes that it proposes in the definition of a dependent child which broadens the category of relatives. It was the original purpose that aid-to-dependent children should be confined to relatives in the second degree. Any extension of the definition of "relative" would for all practical purposes involve the care of children away from their own immediate homes. It would involve the Federal Government in what is known as foster-home care. I believe that, so far as our agencies are concerned, such an extension would have about the same results as S. 3297.

I do not want to labor this question. The representatives of the administration understand my point of view. Several times before they have tried to make over title IV of the Social Security Act into what would amount to a general public assistance program. True, the proposal now made would not be as drastic as those made in 1945 and 1949 but it is aimed in the same direction. I am writing this letter to you in the hope that your committee may be able

to give more serious consideration to the very wide departures that the administration has recommended in S. 3297 and S. 3139.

Sincerely yours,

JOHN O'GRADY, *Secretary.*

The CHAIRMAN. Our next witness is Mrs. Joseph Stoll, Spokesmen for Children, Inc.

STATEMENT OF MRS. JOSEPH STOLL, SPOKESMEN FOR CHILDREN, INC., WASHINGTON, D. C.

Mrs. STOLL. Because of the lateness of the hour, I would appreciate it if I might file my statement and say a few things about it.

The CHAIRMAN. Without objection, the statement will be filed.

(The prepared statement of Mrs. Stoll is as follows:)

STATEMENT OF MRS. JOSEPH MILLS STOLL, SPOKESMEN FOR CHILDREN, INC.

My name is Hester Stoll and I serve as Washington representative for Spokesmen for Children, Inc., a national voluntary organization which is concerned with Federal legislation affecting children, particularly in matters of health, welfare, education, and security. Our membership is composed of people interested in children's affairs from different points of view. For instance, we have among our members, businessmen, parents, interested citizens, nurses, doctors, teachers, ministers, social workers and the like.

We support H. R. 7225 because it improves our national old-age and survivors insurance system and thus gives further protection against the hazards of disability, old-age, and death to workers, their dependents and survivors. This is of the utmost importance in maintaining family life in our Nation.

Old-age and survivors insurance is now covering about 90 percent of the jobs in this country. The majority of employed persons feel that this insurance is their foundation for retirement security and for survivorship protection. The members of Spokesmen for Children, Inc., believe that old-age and survivors insurance should be extended to every employed person not covered by another type of Federal retirement provision. Thus we favor the extension of coverage provided in H. R. 7225. Our members approve the lowering of age for all women beneficiaries from 65 to 62. The majority of husbands are older than their wives. When a husband retires he gets one-third less benefit than he would if his wife were also of retirement age. This provision will give married couples increased security.

We are particularly interested in seeing that benefits to permanently and totally disabled children under 18 be continued after 18. The cost of caring for such children imposes a burden on retired parents and on widows. Benefits would be payable to a mother as long as such a child was in her care. Also, H. R. 7225 provides that these disabled children be referred to the State vocational rehabilitation agencies so that they might learn to do suitable work. These provisions relating to disabled children we heartily endorse.

The most important feature of H. R. 7225 is disability insurance which our members strongly support. This provision is needed to fill the remaining large gap in our old-age and survivors insurance system. We are convinced that employed workers would prefer to pay a higher social-security tax and be certain that if they became permanently and totally disabled that they and their dependents would have, as a matter of right, at least a maintenance benefit.

Disability of the wage earner leads to serious economic and social breakdown of family life. The majority of disabled persons soon exhaust their resources and must turn to public assistance. A small number, about 5 percent, receive workmen's compensation. A very few are covered by private insurance. We recommend that the Senate Finance Committee approve disability insurance with benefits for dependents. There are fears in some quarters that disability insurance would be hard to administer and that some persons would take advantage of it. We believe that the experience of administering the disability freeze under old-age and survivors' insurance, and the experience of administering the

Veterans' Administration, railroad retirement, Federal civil service, and State and local government retirement programs gives evidence that disability insurance can be sound and workable.

Our members approve the increase in contributions by employers and employees to finance the improvements contemplated by H. R. 7225. Also, we support the provision of an Advisory Council on Social Security Financing which would study the old-age insurance trust fund in relation to long-term commitments of the program and make recommendations.

We would like to suggest that S. 3139, a bill relating to public assistance and introduced by a member of the Senate Finance Committee be considered as an amendment to H. R. 7225. In general we favor this bill and are particularly interested in provisions regarding medical care for public-assistance recipients, extension of the relatives with whom dependent children may live and be eligible for aid to dependent children, elimination of the school-attendance requirement for aid to dependent children, research and training grants. We are opposed to title II which provides for gradual reduction of the Federal share of old-age assistance when supplementing OASI. This imposes an unfair burden on the States and results in inequitable treatment of one group of applicants since the States get the regular matching when supplementing the benefits from other types of retirement programs such as veterans, railroad retirement, etc.

The purpose of public assistance as defined in terms of self-support and self-care in title III of S. 3139 has our support. The provision of services to help relatives of dependent children and to maintain and strengthen family life for such children is much needed. However, we are concerned with the language in section 302 (b) and (c) which speaks of services "to minimize the need for aid to dependent children." In some States applicants for aid to dependent children are denied assistance and recipients are removed from the rolls because they are employable even when they are needed at home to care for young children. The language about minimizing the need for aid to dependent children may be used by States to force mothers to self-support even when this is unwise from the point of view of family life and protection of children. We recommend that the language "to minimize the need for aid to dependent children" be deleted from section 302 (b) and (c).

We recommend that the child-welfare proposals which were sent by the administration to the Congress on February 20, 1956, become an amendment to H. R. 7225. The Senate Finance Committee can do a great deal to help the children of this country who need special child-welfare services by supporting these proposals. Some of the youth whom you can help come to mind:

The young orphan who can be placed for adoption if there is a child-welfare worker who can find the right kind of adoptive home for him.

The adolescent orphan who might be placed in a small-group home where he could continue going to school and later be aided in finding a job.

The young half-orphan whose mother is dead but whose father can pay for part of her care in a foster-family home which the child-welfare worker will find for her.

The neglected children whose parents are always fighting and seem to forget that they need care. Perhaps the neighbors will call the police who will call in the child-welfare worker. If she gets into the situation early enough she may be able to prevent family breakdown and help the parents in providing better care for their children.

The unmarried mother who is just a 16-year-old child herself. She needs help in deciding whether to keep her baby or to give it for adoption. She wants to return home and finish school but her mother thinks that she has disgraced the family and does not want her there.

The mentally retarded child whose family is unable to give him the type of care or schooling that he needs. He might be happy and learn useful work in a small institution for children who are handicapped.

This is not meant to be a list of all the types of children who come to the attention of child-welfare workers but just some instances of what is happening to children and what can be done.

We are particularly concerned about the need for additional funds to help the States improve their foster-care programs. During the past 20 years there has been an increased use of foster care for children who cannot remain in their own homes. Child-welfare agencies have learned that most of these children thrive best in foster-family care although some require the special services of an institution. Children in foster-family care under public agencies increased from 49,000 in 1933 to 119,000 in 1954, an expansion of 143 percent. States are spending 73 percent of the total Federal, State, and local child-welfare funds for foster care. Less than 1 percent of this foster-care expenditure came from Federal funds. The need for foster-care funds is a great drain on the States.

The administration's proposals for child-welfare services are good as far as they go but they fail to authorize enough money for child-welfare services and foster care. The proposals of Spokesmen for Children, Inc., are attached. We are recommending $15 million for child-welfare services and $12 million for foster care beginning July 1, 1956. That is what we think the situation requires.

The Senate Finance Committee has the opportunity to recommend legislation on old-age and survivors insurance, public assistance and child-welfare services which will increase the security and welfare of many families and children. We urge it to make this contribution to the general welfare.

SUMMARY OF PROPOSALS RE CHILD-WELFARE AND FOSTER CARE

We are proposing the following changes and amendments in the child-welfare services part of the Social Security Act, title V, part 3.

I. These proposals make changes in the present provisions relating to child-welfare services:

1. Increase the annual amount authorized for these services from 10 to 15 million dollars.

2. Remove the present restrictions with respect to provision of services to children in predominantly rural areas.

3. Change the allotment formula, so as—

To take into account a State's total child population under 21 (at present the State's rural population under 18 is considered);

To take into account per capita income.

II. We recommend also, within the present provisions of the law, special new provisions earmarking additional funds for the maintenance of children in foster care. Under these provisions:

1. An appropriation of $12 million annually (in addition to the $15 million for child-welfare services as stated above) is authorized for maintaining children in foster care through the public child-welfare programs.

2. This amount may be used for children in any part of a State.

3. The allotment formula s based on a State's total child population under 21 and per capita income.

4. Matching is required for the foster-care funds on a variable basis with the highest per capita income State putting up $2 of State funds for $1 of Federal funds, and the lowest per capita income State putting up $1 of State funds for $2 of Federal funds. The rest of the States would be on a scale between these two extremes with a State at the national average per capita income matching dollar for dollar.

III. The language regarding payments to the States by the Secretary of the Department of Health, Education, and Welfare to carry out the provisions of title V, part 3, is put in words which are used in current legislation.

PROPOSED AMENDMENT TO SOCIAL SECURITY ACT, TITLE V, PART 3

SECTION 1. Sections 521 (a) and (b) of such Act are amended to read as follows:

"SECTION 521. For the purpose of enabling the United States through the Secretary of Health, Education, and Welfare to cooperate with State public-welfare agencies in (1) establishing, extending and strengthening public-welfare services (hereinafter in this section referred to as 'child-welfare services') for the protection and care of homeless, dependent, and neglected children, and children in

danger of becoming delinquent, and in (2) establishing, extending, and strengthening provisions for the maintenance of children in foster care there is hereby authorized to be appropriated for each fiscal year beginning July 1, 1956, the sum of $27,000,000. Such amount shall be allotted by the Secretary for use by cooperating State public-welfare agencies on the basis of a State plan developed jointly by the State agency and the Secretary.

"(a) Out of the sums appropriated pursuant to this section for each fiscal year beginning July 1, 1956, the Secretary shall allot for child-welfare services the sum of $15,000,000. The Secretary shall allot to each State $60,000 and shall allot to each State such part of the remainder as is in direct proportion to that State's child population under the age of 21, and in inverse proportion to the State's per capita income. The amounts so allotted shall be expended for payment of part of the cost of district, county, or other local child-welfare services, for developing State services for the encouragement and assistance of adequate methods of community child-welfare organization, and for paying the cost of returning any runaway child who has not attained the age of sixteen to his own community in another State in cases in which such return is in the interest of the child and the cost thereof cannot otherwise be met: *Provided*, That in developing such services for children the facilities and experience of voluntary agencies shall be utilized in accordance with child welfare programs and arrangements in the States and local communities as may be authorized by the State.

"(b) Out of the sums appropriated pursuant to this section, the Secretary shall allot to the States (in addition to the allotments made under subsection (a) for child-welfare services) for each fiscal year beginning July 1, 1956, the sum of $12,000,000 for the maintenance of children in foster care. The Secretary shall allot to each State $48,000 and shall allot to each State such part of the remainder as is in direct proportion to the State's child population under the age of 21, and in inverse proportion to the State's per capita income. Matching by State and local funds shall be required in direct proportion to the per capita income, with no State being required to put up more than $2 for every Federal dollar nor less than $1 for every two Federal dollars; the State at the national average per capita income shall match dollar for dollar. The amounts so allotted shall be expended for the maintenance of children in foster care. Facilities and family homes used under this bill must be licensed or otherwise approved for meeting standards of the State public-welfare agency.

"(c) The Secretary shall from time to time estimate the amount to be paid to each State under the provisions of the Act for any period, and shall pay such amount to such State, from the allotment available therefor, reduced or increased, as the case may be, by any sum (not previously adjusted under this section) by which he finds that his estimate of the amount to be paid to the State for any prior period under this Act was greater or less than the amount which should have been paid to the State for such prior period under this Act. Such payments shall be made in such installments as the Secretary may determine."

Estimated allotments for child welfare services and foster care, fiscal year 1957

[Based on child population under 21, 1954, and State per capita income, 1952–54]

States grouped by per capita income, 1952–54	Allotments		State-matching foster care [2]
	Child welfare services [1]	Foster care [1]	
(1)	(2)	(3)	(4)
United States	$15,000,000	$12,000,000	$11,522,867
High (18)	6,020,848	4,816,678	6,673,894
Delaware	76,161	60,929	121,858
Nevada	69,048	55,238	110,476
Connecticut	149,618	119,694	239,388
District of Columbia	95,172	76,138	137,723
New Jersey	306,330	245,064	401,543
California	688,853	551,082	880,300
Illinois	522,344	417,875	642,721
New York	813,141	650,513	996,356
Michigan	489,015	391,212	531,458
Ohio	578,231	462,585	598,390
Washington	216,884	173,507	212,064
Maryland	221,654	177,323	216,728
Massachusetts	340,764	272,612	323,918
Indiana	342,888	274,310	301,971
Pennsylvania	747,754	598,203	653,268
Rhode Island	109,445	87,556	94,095
Wyoming	81,802	65,442	69,769
Oregon	171,744	137,395	141,863
Middle (17)	3,746,757	2,997,406	2,563,536
Alaska	72,113	57,690	57,690
Hawaii	100,882	80,706	80,706
Montana	106,366	85,093	84,415
Colorado	167,601	134,081	131,953
Wisconsin	319,985	255,988	247,925
Missouri	332,691	266,153	253,677
Kansas	204,363	163,490	150,310
Minnesota	304,188	243,350	204,808
Arizona	142,575	114,060	95,609
Nebraska	162,739	130,191	108,692
Iowa	263,581	210,864	175,334
New Hampshire	100,410	80,328	64,147
Florida	311,594	249,276	196,656
Texas	775,010	620,008	487,149
Maine	132,388	105,911	77,962
Utah	134,916	107,933	79,126
Idaho	115,355	92,284	67,377
Low (18)	5,232,395	4,185,916	2,285,437
Virginia	368,165	294,532	209,804
Oklahoma	247,029	197,623	133,959
Vermont	92,749	74,199	48,444
New Mexico	143,032	114,425	72,850
South Dakota	124,078	99,262	57,303
Louisiana	355,158	284,127	162,614
West Virginia	262,848	210,279	117,769
Georgia	433,088	346,471	188,207
Kentucky	363,232	290,586	153,057
Tennessee	399,801	319,841	163,302
North Dakota	126,507	101,206	51,443
North Carolina	517,753	414,202	207,101
South Carolina	329,288	263,430	131,715
Alabama	400,359	320,287	160,144
Arkansas	266,104	212,883	106,442
Puerto Rico	404,941	323,953	161,977
Virgin Islands	63,407	50,725	25,363
Mississippi	334,856	267,885	133,943

[1] Allotments to the different States vary directly with the child population under 21 in each State, and vary inversely with the States' per capita income.

[2] Matching is on a variable basis, with the highest per capita income State putting up $2 of State funds for $1 Federal funds, and the lowest per capita income State putting up $1 of State funds for $2 of Federal funds. Matching by the other States is scaled between these 2 extremes according to deviation of the State per capita income above or below national average per capita income. A State with per capita income at national average matches its allotment dollar for dollar.

Mrs. STOLL. It is very sad that we as a citizens group come at the very end, but that is usually our fate. We are a national voluntary organization concerned with family life and children, and Federal legislation affecting health, welfare, education, and security. We always emphasize in our statements what is best for children, what is best for family life.

We strongly support H. R. 7225. We are very much interested in that section which has to do with the continuing of OASI benefits for the children who are completely and totally disabled after they reach the age of 18 in the same way that they receive benefits under 18.

We are not going to try to summarize everything in our statement, except to say that we strongly support H. R. 7225. But we do want to say that we think that this provision regarding disability insurance is the most important thing in this bill. We think this great gap in the total protection for people and their survivors should be filled. And we think this gap is the lack of disability insurance.

We want to say that it seems to us that the disability of the wage earner leads to serious economic and social breakdown of family life. The majority of disabled persons soon exhaust their resources and must turn to public assistance. For example, sir, the other day I heard of a case of a man 52 with a wife and 2 children—he has a girl 15 and a boy 12—who, due to a heart and high-blood-pressure condition, became totally disabled. This sort of thing is sad, a situation in which a man exhausts his last pay, his sick benefits, all of his extra savings, borrows on his insurance, and then is in a state of indecision as to what to do. This particular man applied for aid for the permanently and totally disabled, and found that because he owned a house with an $8,000 equity, he wasn't eligible for that aid program. Now, what can such a person do? And we want to remind you that there are about 250,000 such cases every year. And we are very concerned with that kind of person, the wage earner who becomes disabled and doesn't know what to do to support his family. And I may add that the wife had never worked, which added a complication, and she was needed at home to take care of the man and his family.

Let me put aside our statement on H. R. 7225, and say that we strongly support S. 3139. We like all the provisions of this bill except title II, which provides for gradual reduction of the Federal share of old-age assistance when supplementing OASI. We think this imposes an unfair burden on the States and results in inequitable treatment of one group of applicants, since the States get the regular matching when supplementing the benefits from other types of retirement programs such as veterans, railroad retirement, et cetera.

We like very much the terms "self-support" and "self-care" which are used to describe the purpose of public assistance. We only have one concern, and that concern is with this language: "to minimize the need for aid to dependent children." The reason we are concerned about this language is that in some States applicants for aid to dependent children are denied assistance and recipients are removed from the rolls because they are employable even when they are needed at home to take care of young children. We are a little worried that some States may force mothers off the rolls in view of the purpose of self-support. We are concerned about this, because we feel that most mothers should be home with their young children. But rather than

suggesting language for the whole section we would just be content if the language "to minimize the need for aid to dependent children" were removed from section 302, subsections (b) and (c).

Finally we come to the child-welfare proposals which were sent by the administration a few days ago to the Congress and which were introduced last night by Senator Martin as S. 3297. We favor these very strongly. And in our testimony we listed some of the kinds of youngsters who need the aid that is given through the child-welfare-services program. We talked about the young orphan who needed to be placed for adoption, if there is a child-welfare worker who can find the right kind of adoptive home for him. We mentioned the adolescent orphan who might be placed in a small-group home where he could continue going to school, and later be aided in finding a job. Let me comment that nobody seems to want to adopt the older children. And there has to be a plan made to help such children. Sometimes the child has been in 2 or 3 boarding homes, comes to the age of 15 or 16, and needs some place where he can continue living in a protected situation, finish school, go to work, and be launched into the world. This is the sort of child we are very concerned about.

We are concerned about the young half-orphan whose mother is dead but whose father can pay for part of her care in a foster-family home which the child-welfare worker will find for her.

Let me mention the neglected children whose parents are always fighting and seem to forget that they need care. Perhaps the neighbors will call the police, who will call the child-welfare worker. If she gets into the situation early enough she may be able to prevent family breakdown and help the parents in providing better care for their children.

And there is the unmarried mother, who is just a 16-year-old child herself.

Finally we describe the mentally retarded child whose family is unable to give him the type of care and schooling that he needs. He might be happy and learn useful work in a small institution for children who are handicapped.

Now, this isn't a list of all the types that come to the child-welfare worker, but is merely illustrative.

Finally, we are concerned with the need for additional funds to help the States' improve their foster-care programs. By "foster care" we mean the family home or institution. During the past 20 years there has been an increased use of foster care for children who cannot remain in their own homes. Child-welfare agencies have learned that most of these children thrive best in foster-family care although some require the special services of an institution. Children in foster-family care under public agencies increased from 49,000 in 1933 to 119,000 in 1954, an expansion of 143 percent.

This shows you that more applications are coming to the public agencies all the time. In the same period the private agencies did not increase the number of children they were taking care of. It is so important that the public agency be given additional funds.

States are spending 73 percent of the total Federal, State, and local child-welfare funds for foster care. This imposes a great burden on the States.

We would like to say that the administration's proposal for child-welfare services are good as far as they go, we think. However, they

fail to authorize enough money. Spokesmen for children have considered this matter very carefully, and we feel that $15 million for child-welfare services and $12 million for foster care, beginning July 1, 1956, is a very important recommendation to you. We think this is what the situation requires.

We want to say, gentlemen, that we appreciate the great opportunity you have in relation to old-age and survivors insurance and to public assistance, and to the child-welfare proposals. We hope that you will be able to go ahead and recommend H. R. 7225, the public assistance bill, S. 3139, and the child-welfare bill, S. 3297.

We thank you very much.

The CHAIRMAN. Thank you.

The committee will meet tomorrow morning at 10 o'clock.

(By direction of the chairman, the following is made a part of the record:)

NORTH JERSEY ASSOCIATION FOR THE BLIND, INC.,
Paterson, N. J., February 8, 1956.

DEAR SENATOR: We are writing to urge you to amend H. R. 7225, the Cooper bill on disability, to be sure that it will include legal blindness as grounds for eligibility.

Disability is defined as "inability to engage in substantially grainful activity by reason of a physical or a mental impairment." Although most blind people are willing and able to perform certain duties, they experience much difficulty trying to convince prospective employers of this fact. Consequently, they are not "engaged in substantially gainful activity by reason of their physical impairment" and should be covered through this bill. An exemption on earnings up to $1,200 would be helpful to those who are able to earn some income through part time or seasonal work.

We all realize that old age can be a barrier in securing employment. However, in the case of a blind person, even in his youth, it is his blindness, not his age, which prevents him from making his own living. Therefore, we feel that blind people should not have to wait until they reach 50, but that disability benefits should be granted automatically to those who might need them.

Thanking you for any consideration you may give our request, we remain

Sincerely,

EDWARD FEDUSH,
Vice President.

INDIANAPOLIS, IND., *February 14, 1956.*

Senator HARRY F. BYRD,
Senate Office Building, Washington, D. C.:

With reference H. R. 7225 we urge blindness be designated a special ground for disability for payment of disability insurance benefits. That blind workers under age 50 years be made eligible for benefits as well as those over 50 when their unemployment is due to a physical handicap and employers refuse to employ such individuals. Also these individuals be allowed to earn not less than $1,200 annually without loss or reduction benefit amounts. Six quarters be required as minimum for eligibility qualifying them for payments. That no limitation be placed on earnings of blind beneficiaries of disability insurance under proposed bill.

INDIANA ASSOCIATION OF WORKERS FOR THE BLIND, INC.,
Legislative Committee.

STATE DEPARTMENT OF SOCIAL WELFARE OF KANSAS,
Chanute, Kans., February 17, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

Hon. HARRY F. BYRD: On behalf of the blind, I am writing you to urge that you support the proposals in the following bills: H. R. 6500, the Matthews bill;

H. R. 5658, the Jenkins bill; S. 2119, the Wiley bill; H. R. 7225, the Cooper bill, amending the Social Security Act; H. R. 3605, the Mills bill.

Although not blind myself, I have been working closely with our services for the blind program in Kansas for the past 2½ years and I feel that these proposals are reasonable, meaningful and realistic. I am sure there is not one of us but who feels that blindness is a major handicap. For this reason it seems that these proposals should be given serious consideration. I feel—

(1) That the definition of blindness, that is, the commonly accepted definition of 20/200 visual acuity with correction or a field restricted to no more than 20° is a must in the proposals.

(2) It seems that the blind should not have to prove that they have a permanent disability. Blindness itself is conclusive evidence, I think most everyone will agree.

(3) There should be no age restriction or minimum period of coverage applied in the case of the covered worker losing his sight. Blindness at any age is a handicap.

(4) If the existing maximum OASI retirement benefit of $108.50 monthly were paid as the disability benefit, it seems to me that there should be a saving in the amount of money needed for the public assistance-aid to the blind program.

(5) The disability benefit to the blind should not be reduced because of return to employment, or if reduced, not till the blind individual receiving benefits shall have earned in the year more than $1,200, the amount currently permitted under OASI retirement provisions.

(6) In addition to the first $50 per month of earned income now, one-half of any additional earned income shall be disregarded in determining the need of an application for aid to the blind.

(7) The current Federal maximum of $55 should be raised to $75 monthly in connection with the Federal matching to the States for aid to the blind.

I am sure that if you know any blind people yourself that you will have already probably come to your own decision on these points. It is my earnest request that you will vote favorably on these proposals and exert your influence in convincing others of the importance of such legislature.

Thank you kindly for your consideration.

Sincerely yours,

(Mrs.) MARIAN F. CAMPBELL,
Field Representative,
Division of Field Service.

OFFICE OF ARKANSAS STATE WELFARE COMMITTEE,
Hot Springs National Park, Ark., February 23, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee on Social Security Investigations.

ATTENTION PLEASE: Our committee once again wishes to specifically call your attention to our statement as now filed with your committee at the bottom of page 3 where it states—

"Our committee feels that where during social security revision in 1954 a clause was inserted permitting a worker upon earning six quarters at near maximum pay to earn retirement at a greater rate than possibly was allowed workers who had worked continuously under the act since it was adopted, which our committee feels retaliates drastically against a fully insured worker before the year 1955."

And further at the bottom of page 4 where it states—

"Our committee also finds another great injustice has been applied against applicants, who were not during the early years included under the Social Security Act, as follows: For instance self-employed workers, who at a later date switched to covered jobs, then at the time when he reaches retirement age and applied for benefits, under the terms of the act. His rating instead of being figured from the time he became eligible to share in its benefits under its provisions, today they hold a worker responsible for time that had long passed, before he became eligible to participate under the provisions of the act. Now our committee members some of who today suffer from that oversight in compiling the act. And hereby request that your investigating committee 'harken, give ear to this unjustifiable clause' and amend same, in order to afford equal justice to all workers subject to the terms of the act."

And further: It also grants workers a much greater benefit that secure employment after the year 1955 for six quarters work under the plan considering

that the worker was 63 years at the time he began work under the act. Then a faithful worker who had continued to work under the act, from its inception. As we find that the worker with an average salary who retired before the year 1955, was allowed a benefit of something around $48. However, with 2 additional grants of $5 each today he draws about $58 compared to a more recent worker could draw around $78.50 for 6 quarters of employment 1½ year of employment under the act. Now we have every confidence in the members of your committee and feel that they will harken to this error, and will jump to their posts in this emergency to defent the equal rights of our citizens.

Respectfully submitted.

A. GLENN HERR, *Secretary.*

STATE OF CONNECTICUT,
STATE WELFARE DEPARTMENT,
Hartford, Conn., February 8, 1956.

Hon. HARRY BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: The State Welfare Department of Connecticut believes that every reasonable step should be taken to extend the OASI provisions of the Social Security Act which would result in a reduction of public assistance in the States. Connecticut has benefited from OASI. For example, the average payments to OASI beneficiaries in the State are among the highest in the country and the number of people receiving OASI is considerably above the national average. As a result, the number of old people, for example, per thousand in old-age assistance is considerably below the national average. It can and should be further reduced if insurance coverage is extended particularly to include more disabled people.

Therefore, we urge the passage of H. R. 7225 amending the act in the following ways: (1) To continue payments to certain disabled children after age 18; (2) To provide disability benefits for insured workers at age 50.

Sincerely yours,

CHRISTY HANAS,
Welfare Commissioner.

STATEMENT OF MRS. RUTH GRIGG HORTING, SECRETARY OF PUBLIC ASSISTANCE, PENNSYLVANIA DEPARTMENT OF PUBLIC ASSISTANCE, HARRISBURG, PA.

The insurance provisions of the Social Security Act should be extended as much as possible. Disability benefits for insured workers appear desirable; likewise, extension of coverage to other groups of persons.

The aid to dependent children category should include children up to the age of 18 whether or not they continue in school after age 16.

I am not particularly enthusiastic about reducing the eligibility age for women from 65 to 62 years. It is my understanding that we may expect a very tight labor market for the next few years and the services of all employable people will be required to sustain our expanding economy.

I want to endorse the interest that I have as an administrator of the public-assistance program in seeing the insurance provisions of the Social Security Act extended and strengthened. Insurance is preferable to public assistance as a means of support, although public assistance will undoubtedly continue for many years as a residual program to meet the financial needs of those who have no other means of support. To the extent that the insurance program reduces the need for public assistance the public-assistance agencies will be able to do a more thorough job of rehabilitating persons who need special training in order to be either self-supporting or self-reliant.

I would urge that at some time the Federal Congress give consideration to further amendments that would permit administrative simplification of the public-assistance programs. More specifically, it would be helpful if the financial matching provisions should be the same regardless of category. The needs of people would be more adequately met if States were restrained from having residence requirements. In these days of an extremely mobile population it seems archaic to continue residence requirements as a condition of eligibility for financial help. Such a move would lead rapidly toward uniform eligibility requirements for all categories of assistance. This would further simplify

administration and would mean that the category designations would be solely for the purpose of indicating the type of people to be helped by the moneys appropriated by the Federal Congress.

ARKANSAS STATE WELFARE COMMITTEE,
Hot Springs National Park, Arkansas.

Subject: Objections Filed Against the Terms of Our Present Social Security Act.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
Washington, D. C.

DEAR SENATOR: My name is A. Glenn Herr, and I have been delegated by the members of the Arkansas State Welfare Committee to appear before your Committee on Finance when hearings are held on H. R. 7225, the social-security revision bill to present authentic evidence gathered from retired workers and others, who have found the present Social Security Act far afield from a point of need, and harnessed with restrictions that have backset full freedom, to a point near the era of the Revolution against English rule in the year 1775.

uance of the present Social Security Act in its present form as they regard it as

First of all our welfare committee begs to protest against any further continuance of the present Social Security Act in its present form as they regard it as a private pension plan based upon a tax against wages and salaries earned by workers.

First because it not only humiliates our citizens but restricts pursuit of full freedom and happiness as guaranteed under our Constitution. Under title 1, the present terms of administering the cost by a wide margin, counteracts benefits to an unnecessary low, through delegating to the States power and privilege of administrating that part of the act and granting them unlimited opportunity to enact laws in contrast to the spirit and intent of the Social Security Act.

The system breeds dishonesty and noncompliance, and in addition humiliates the applicant in regard to age and financial status, of the participants under the act, due to an industrious life lived before the act was adopted. It falls far short of meeting the daily needs of retired breadwinners by a vast reduction of his past income immediately upon retirement, and just at the crucial time when life puts higher financial demands upon the head of the family.

It reduces the general economy that renders a damaging blow upon our Government, in tax collection by his failure to have the necessary funds to continue his normal purchases in the market places of distribution, and leaves an untold morale damage that engenders a deep resentment toward his Government.

By again releasing the once fully retired worker for further work, after he was forced into retirement, has disarmed him from all possibility of securing his old job back and left him without an avenue for reemployment; therefore that attempt at recompense is in our sense like trying to save a drowning man after our Government had placed a stone around his neck and plunged him into the river.

Why three divisions:

Under that method after careful observance we find much inequality in the distribution of benefits, which if our Government terms it social security then it comes into gashing conflict with the terms of our Constitution, wherein it states all equal under the law, this feature alone causes deep dissatisfaction and breeds contempt with loss of confidence in our lawmaking body.

We here favor social security completely operated upon a single distribution basis, research has enlightened us to the effect that social security to afford the greatest benefit, should be operated upon a pay-as-you-go basis, by levying a 2-percent gross income tax upon all business and workers as the means for providing the money to finance the program, then to guard against hoarding by many, who would misunderstand security and how to maintain it, add thereto a forced spending clause requiring all pension money received must be spent during the same month, so as to create a healthy economy, and increasing tax income with corresponding profits to finance the program.

Does the present Social Security Act stymie or expand business. Under its present status, it reduces our economy by billions due to the fact that the amounts derived in benefits are so low as to prohibit spending beyond payment of rent, which leaves little to spend with the local grocer for food.

We find the present monthly amount of pensions paid to 75 percent of workers and others upon retirement are very unsatisfactory, they prove damaging to both the pensioner and the Government alike, they receive too little in return which proves detrimental to both.

We find that any system of social security which falls short of providing income upon a basis near what a worker earned during his term of employment before retirement brings about a helpless fluster creating a loss of confidence in his ability.

We also find that any system of social security provided by our Government in order to meet the full accord of the public must leave the impression that it is a well-earned position, and granted as a matter of reward, for him or her contribution toward the upbuilding of our great country.

Congressmen should recognize the will of the public, by putting social security upon a pay-as-you-go basis, payment to be made direct to the pensioner through the single agency of the United States Government, thereby eliminating such unnecessary expense, that under the present system unnecessarily increases the cost of distribution, thereby reducing the amount applied for the benefit of retired workers.

Here our membership discovered that under title 1 of our present Social Security Act that a number of States openly violate the intent of our Federal act, by awarding the (husband) so-called head of the house an old-age assistance check monthly for his needs, yet upon the other hand absolutely ignoring his helpmate, as she at the hand of the local welfare division is completely bypassed, thereby disfranchising her as a full-fledged citizen, in other words she is pushed aside, so may we ask how will she be enabled to meet the standards of society to protect her body from the elements, as well as meet the standards of decency.

Therefore, in order to avoid further disregard for decency, our committee hereby recommends that the United States Government again recapture its lost supervision by at once repealing title 1 of the Social Security Act and bring all disbursements of moneys to the aged under the Federal Government, the same as old age and survivors' insurance, and thereby effect a saving of $150,000 quarterly or $600,000 yearly in Arkansas that would add as much as $20 monthly to old-age assistance retired workers in our State, and at the same time release the staffs of county welfare workers for more important work, viz, Government airplane work.

Our committee believes that a deep injustice has been heaped upon our retired old-age assistance workers by refusing a number of them assistance during certain farm harvest periods superseding Government law by suspending retirement rights during such periods, which we feel runs contrary to the Social Security Act, as under the terms of the act any attempt to perform labor for financial gain upon the part of a retired worker becomes voluntary. Therefore, any attempt at seizure by State welfare authorities of function of a Government law, in our estimation, becomes concrete evidence of a direct violation of the purpose and intent of the Social Security Act, and affords evidence for the Treasury of the United States to withhold further Government financial aid to any State that assumes such authority.

Inasmuch as the Government in many cases is contributing far more to States than one-half matching moneys, and due to widespread dissatisfaction among old-age assistance recipients that many States forbid the free movement (travel) of such beyond a 6-month period by discontinuing the further payment of monthly assistance checks, thereby leaving them helplessly stranded in a foreign State apart from where they lived and paid taxes, which could force upon them a second requirement of establishing residence within another State for a period of from 1 to 5 years in order to gain eligibility for old-age assistance within this new location.

Now, judging from the fact that under title 2 of the Social Security Act, no prohibition restricting travel is enforced, therefore, our committee feels that some States are overriding privileges permitted under the terms of our national Social Security Act, notably, as above stated, but arbitrarily enforcing many other provisions foreign to the national law that creates a humiliating atmosphere with people upon old-age assistance, which our committee feels should not prevail.

Our committee finds that many States make no allowance in their old-age assistance grants for medical treatment or medicines; so in cases like that old-age assistance retired workers are subjected to much pain and suffering from the fact that they have no means of securing medical aid, therefore, our com-

mittee feels that under those terms many States have forfeited their rights for Government aid to States in carrying out the provisions of the Social Security Act.

Therefore, we urge with every force at our command that the 2d session of the 84th Congress at once repeal title 1 of the national act, and place all old-age assistance participants under title 2 by granting all accumulated working time before the Social Security Act was adopted as credits toward becoming legally eligible under the law from the fact that they have been taxpayers for all those past years.

Our committee feels that where during social security revision in 1954 a clause was inserted permitting a worker upon earning 6 quarters at near maximum pay to earn retirement at a greater rate than possible was allowed workers who had worked continuously under the act since it was adopted, which our committee feels retaliates somewhat against a fully insured worker before the year 1955.

It has come to the attention of our committee, where a number of States have assumed authority far in excess of the terms of our present Social Security Act, by compelling old age assistance clients to deed their homes over to the State effective upon his or her demise, and also in case where a brother and sister live under the same roof, cut the pensions of both down to an amount equal that one would be entitled to under State law thereby disfranchising a citizen of his rights under the law. While on the other hand a person drawing a check direct from the Government under title 2 of the Social Security Act is permitted to live a free unhampered life, enjoying free travel and own his hard earned home, and draw income from other property, stocks, bonds, gold mines, etc., without interference from our Government. So it remains patent that the Social Security Act is flagrantly abused by many State administrations therefore, our committee requests of the 84th Congress that it at once take proper action to forestall such tactics by any State hereafter.

Our committee notes that Congress created a serious error when the Social Security Act was formulated by classifying our most valued and honorable citizens as charity clients, where in all honor they laid the foundation for our great country, should of been placed under title 2 as at that time many had already reached retirement age, and were in dire need, so should in reality been placed at the head of the list, as workers who would reach retirement age in future years were working at their regular vocations, and needed no help at that time. We feel that after 18 years of unnecessary reduction of the value of our pioneer citizens, that the time has arrived when Congress place honor where honor belongs, and at once repeal section title 1, by placing all our United States citizens under social security upon a voluntary basis of membership, yet place a levy, gross income tax of 2 percent at the source against all individuals and commercial business—mill, mine, factory, processing plant, commercial business—to gain moneys to finance the system.

May we ask you to honor through action of the United States Congress by laying aside all personal ambitions, and reach out with your hand and brains to bring to the American people security in need and deed, that will shower our country with the Spirit of the Holy Father in Heaven, and win the acclaim of all the peoples of the world.

The States old age assistance division of our Social Security Act is a foreign part of the act, and bears no relation with a payroll tax system as there is no tax collected to support it. So consequently drains off in some cases a major portion of pay roll taxes that should be applied to those workers upon retirement. However it recognizes a very worthy cause, yet totally independent from the present Social Security Act. And all moneys expended for such dependency should be supplied direct from funds of the United States Treasury.

Our committee also finds another great injustice has been applied against applicants, who were not in the early years included under the Social Security Act, "As Follows" for instance self-employed workers, who at a later date switched to a covered job, then at the time when he had reached retirement age and applied for benefits under the terms of the act, his rating instead of being figured from the time he became eligible under its provisions, in computing his benefits, they figure all time from the time the law became effective January 1, 1937, is an unprecedented act, and tends to charge a retired person for elapsed time, that could not possibly apply to him or her as they at that time were not included under the act.

Now in view of the fact that the way has been laid open, to reduce the cost of administration, by three-fifths and by the same stroke of the pen, increase the benefit amount to many retired workers, by a two-thirds margin it would be

very commendable upon the part of the Congress of the United States of America, to at once enact a pay-as-you-go pension system.

The present bill, H. R. 7225, now before the Senate to amend our present Social Security Act is a fine gesture yet it would not bring pension payments in line with our present economy to a point near $135 per month, which our committee firmly believes that there today remains no Congressman in Washington who could honestly disagree with that statement.

Now under the present Social Security Act, where the Government and the various States have set up a joint program to provide assistance for senior citizens, and upon reaching the established retirement age of 65 years, yet due to the fact that they were not trained to enter into the manufacturing field, or possibly were employed in work not covered under the title 2 of the act therefore were prohibited from contributing a payroll tax to support the program. However in the beginning were placed upon an even keel with the first workers to reach retirement age. However, shortly thereafter when amendments were added, old age assistance participants were not always included when raises were granted old age and survivors insurance participants under the act. That left a stigma upon our most worthy pioneer citizens, that we found can only be erased, by the repeal of title 1 of the Social Security Act. And Further in the case as now, where the cost of administration is far more excessive then under title 2 of the Social Security Act, we unalternately recommend that in order to retain some of the loss now suffered through such faulty distribution methods, that title 1 of the act at once be repealed. Thereby adding as much as $600,000 through savings effected to the monthly checks of retired workers and others in the State of Arkansas, now under title 1 of the act.

And further, to our committee it seems almost incredible that Congressmen could not see the wisdom of adopting the views of various welfare groups to pass a full social security Law, and finance it upon a pay as you go basis of pension payments to all workers and others upon retirement. By applying a 2 percent gross income tax against all businesses and citizens to be collected monthly, then divided equally between the number of participants upon retirement. And further, in order to create normal spending and prevent hoarding, which might under present circumstances, create a shortage of floating United States currency, add thereto a forced spending clause upon a monthly limit, thereby creating an unprecedented demand for consumer goods, that will make cash register bells outring church bells in the belfries of our Nation.

Our membership through their appointed committees have voiced their resentment against any further gag rule procedure in this third attempt to solve the points at issue, that have held social security benefits in a cycle of inadequacy, by failing to bring it to the floor of both Houses of Congress for full consideration and debate, by all Representatives so they may be granted full freedom to express and defend the wishes of their constituents. Our committee firmly believes that switching to a 2 percent gross income tax would completely solve the tax problem.

Now in the beginning when democracy was incorporated in our Constitution possibly 90 percent of all production was brought about by hand labor. Compared with methods employed today when science has made possible improved machinery, that has replaced our former methods of production of consumer goods, thereby leaving a vast number of former workers without continuing employment within their past training, has opened a wide breech within the freedom of our self-contained employment system, that must be bridged in order to retain full faith in our free way of life for providing full security for our dependents (families) by reinforcing our bulwarks against a revision within the minds of men, in the past belief that our system of democracy, at all times affords full opoprtunity to provide for our loved ones.

And further, to provide employment for the millions of students both boys and girls upon graduation, in order to set up the first bulwark against indolence and delinquency, so they may enjoy the opportunity of engaging in remunerative employment at the proper time for human development. Now that conditions have reached a point beyond workers control and taken a radical turn for less drudgery and more abundant living, our committee after a thorough analysis of present conditions recommend that the retirement age limit be reduced to a point of 60 years, in order to avert a vast flood of unemployment in times of normal production and after defense employment becomes checkmated.

Also welfare clients, that were out of the jurisdiction of their State welfare division they upon application, for surplus food commodities were denied same.

While here in Hot Springs, Ark., taking hot water baths in an attempt to recover lost health and were told that they would have to apply to their State and county welfare division, for permission to secure an allotment. Now inasmuch as this food distribution is entirely a Government project it seems ironic to deny out-of-town clients their share.

Now we also had a flood of suggestions for lowering the age limit for retirement, from 65 to 55 and quite a number down to as low as 50 years old, all advancing the argument that since our Government has placed age limit over retirement, and by so doing most all employers pounced upon the edict as a conventional or legal excuse for discharging workers that had reached the age of retirement, that possibly were earning from $35 to $50 per week, leaving them with the last and only alternative was to apply for old age and survivors insurance benefits at the average rate of $48 per month. Just at the time when financial demands become greater due to approaching infirmities, that possibly will require more frequent medical attention and warmer clothing, etc. Now this condition should and can be remedied without any additional cost to the workers, by repealing the present Social Security Act, and then formulating and adopting a real social security law, making it a universal act by bringing all United States citizens under its provisions, and levy a gross income tax of 2 percent against all commercial business and workers including miscellaneous citizens at the source—mill, mine, factory, processing plant, farmers, stores and all other businesses. This will exempt all commercial business from being charged with a tax, and they will act in the capacity of collectors only, as all taxes are paid by the final consumer, then making payments through one single agency, the Treasury of the United States of America.

In submitting our findings of various inequalities, then suggesting a simple revision of the present SS Act and placing it upon a pay-as-you-go basis financed by a 2 percent gross income tax, we are mindful of retired workers needs for increased benefits, and with the necessity of maintaining a balanced budget and an increased economy.

Our committee is satisfied that in the United States with our vast surplus food and fiber supplies, in many cases bursting the walls of our storage bins and granaries, it just does not seem possible that a large segment of our early pioneers could or would be suffering hardship, with all the supplies needed to alleviate such conditions that could rekindle great pride and much self-respect, thereby forever closing our doors against a communistic form of government.

Now at a time when corrective issues are being examined, and Congress once again takes up the question of revision of our present Social Security Act our committee pleads that they lay aside all hate, prejudice, political ambitions, and unfrock from any other objection except to formulate and pass a SS law that will henceforth in its administration leave a balanced budget at all times, and in direct contrast to our present system where the taxpayers are burdened with vast interest charges upon borrowed money, in order to meet payment of monthly pension checks.

It is our committee's hope and desire that in reaching that end, our Congressmen will be inspired (only) with the thought of the teachings found within the pages of our adopted bible. And if that method is chosen as a base, then happiness will have been achieved.

Now in concluding our testimony before your honorable body, I wish to state that the occasion has afforded our committee with full recognition in granting us the privilege to express our findings gained through direct experience, and trust that this ray of light may focus directly upon the dissatisfaction of the system at issue.

A. GLENN HERR.

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington D. C., August 26, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: The attached copy of house joint resolution No. 64 recommending the enactment of legislation "to make needy children between 16 and 18 years of age, who are incapable of regularly attending school because of some permanent physical or mental disability, eligible for aid to dependent

children under the provisions of the Federal Social Security Act to the same extent that children under 16 years of age are eligible."

I am pleased to call this to the attention of your committee and express the hope that the recommendation will receive every possible consideration.

Sincerely,

JOHN SPARKMAN.

HOUSE JOINT RESOLUTION No. 64

(By Mr. V. S. Summerlin, Luverne, Ala.)

Whereas the Federal Social Security Act provides for grants to States for aid to dependent children, and defines the term "dependent child" to include a needy child under the age of 16, or under the age of 18 if regularly attending school; and

Whereas children between 16 and 18 years of age who are not regularly attending school are thus not eligible for aid to dependent children; and

Whereas some of these children between 16 and 18 years of age are incapable of attending school because of some permanent physical or mental disability, and are thereby not eligible for aid to dependent children through no fault of their own; Now, therefor, be it

Resolved by the House of Representatives of Alabama, the Senate concurring:

1. The Congress of the United States is hereby memoralized to enact legislation necessary to make needy children between 16 and 18 years of age, who are incapable of regularly attending school because of some permanent physical or mental disability, eligible for aid to dependent children under the provisions of the Federal Social Security Act to the same extent that children under 16 years of age are eligible.

2. The clerk of the house of representatives is directed to transmit a copy of this resolution to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Alabama delegation in Congress.

Adopted by the House of Representatives of Alabama, August 12, 1955.

Concurred in and adopted by the Senate August 16, 1955.

Approved by the Governor August 18, 1955.

UNITED STATES SENATE,
Washington, D. C., July 21, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I understand that within the next few days the Finance Committee is planning to hold hearings on proposed amendments to the Social Security Act.

I am about to introduce a bill to remove some of the restrictions in the act that now apply to matching funds and the use thereof for the care of children in the Virgin Islands. I am enclosing a copy of that bill. This is a necessary amendment, as explained in the attached memorandum from the commissioner of social welfare for the Virgin Islands.

The two proposed changes certainly seem noncontroversial and I understand the Department of Health, Education, and Welfare favors the raising of the yearly matching-fund limit for the islands as proposed in my bill.

I would be gratified if the committee could expend the small amount of time necessary for consideration of this amendment. It would be deeply appreciated by our good friends in the Virgin Islands.

Yours very sincerely,

HERBERT H. LEHMAN.

A BILL

To amend the Social Security Act to increase the maximum permissible Federal financial participation in the plan for aid to dependent children of the Virgin Islands and to permit payments under such plan to relatives with whom dependent children are living

That (a) clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ", and, in the case of the Virgin Islands, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18"

(b) Section 1108 of such Act is amended by striking out "$160,000" and inserting in lieu thereof "$300,000".

SEC. 2. The amendments made by the first section of this Act shall be effective with respect to the fiscal year ending June 30, 1956, and all succeeding fiscal years.

GOVERNMENT OF THE VIRGIN ISLANDS OF THE UNITED STATES,
INSULAR DEPARTMENT OF SOCIAL WELFARE
Charlotte Amalie, St. Thomas, V. I., March 22, 1155.

REPRESENTATIONS OF THE VIRGIN ISLANDS REGARDING NEEDED REVISIONS IN PROVISIONS OF THE FEDERAL PUBLIC ASSISTANCE PROGRAM AFFECTING THE VIRGIN ISLANDS

When, in 1935, Congress passed the Federal Social Security Act, the Virgin Islands were overlooked and no provision was made to extend the benefits of this important social legislation to the people of this territory. As Congress finally became alive to our crying needs in this respect, it passed amendments to the act extending to the Virgin Islands various portions thereof. Title V, providing for child health and welfare services, became effective in the Virgin Islands January 1, 1947; titles I, IV, X and XIV, providing for aid to the aged, the blind, the disabled, and dependent children (commonly known as the public-assistance titles), became effective in the Virgin Islands October 1, 1950; and title II, old-age and survivors insurance, became effective in the Virgin Islands January 1, 1951.

Title V (child health and welfare services) and title II (old-age and survivors insurance) were extended to the islands on the same conditions as for continental United States. But, in extending the public-assistance titles, several special unfavorable provisions were included with regard to the Virgin Islands which have kept assistance standards at deplorable levels and have worked untold hardship upon the needy of our islands.

Unfavorable provisions in the Federal act

Briefly, these unfavorable provisions may be described as follows:

(1) The Federal Government participates in assistance payments in all four Federal categories up to certain specified maximums for monthly assistance to each individual. For the States, the District of Columbia, Hawaii, and Alaska, these monthly maximums are $55 for aged, blind, or disabled individuals, and, in the case of aid to dependent children, $30 for the first child, $21 for each additional child, and $30 for a needy parent or other relative caring for the children.

For the Virgin Islands, the special maximums set are $30 for aged, blind, and disabled individuals, and, in the case of aid to dependent children, $18 for the first child, $12 for each additional child, and nothing for the needy parent or other relative caring the children.

(2) Federal participation for the States, the District of Columbia, Hawaii, and Alaska, for the aged, blind, and disabled, consists of 80 percent of the first $25 of the average monthly payment per person plus 50 percent of the balance of the expenditures within the specified maximum monthly payments per individual; and for aid to dependent children, 80 percent of the first $15 of the average monthly payment per person plus 50 percent of the balance of the expenditures within the specified maximums.

For the Virign Islands, Federal participation has been set at 50 percent of all assistance expenditures within the special maximums set for the islands.

(3) For the States, the District of Columbia, Hawaii, and Alaska, no ceiling is set as to the total Federal participation in their programs, either by months or years or otherwise. All assistance properly given to needy individuals within the individual maximums set forth above is matchable by the Federal Government.

For the Virgin Islands, section 1108 of the Federal Act limits the total Federal participation in the Virgin Islands program to $160,000 with respect to any one fiscal year, no matter how much Federal matching in excess thereof the Virgin Islands may have properly earned. Despite the reduced maximums imposed on individual monthly assistance payments in the Virgin Islands, and despite the low rate for Federal participation prescribed, as above, this further ceiling was imposed.

The present program in the Virgin Islands.

Despite the unfavorable provisions imposed as above, the Virgin Islands, during the past 4½ years, have developed a sound, well-rounded program of public assistance. The assistance caseload in all categories has been kept to a minimum. Only unemployables (the aged and the otherwise disabled) receive aid. Recipient rates in the Virgin Islands (the ratio of CAA and OASI recipients to population) are lower than the national averages (for adults, only 71 percent of the average in the United States, and for children, 83 percent of the mainland rates). The caseload in the Virgin Islands reduced from 1,734 persons in June 1952 to 1,464 persons in June 1954, a period during which Federal funds were available in our program (the highest monthly total since June 1954 was 1,595). General assistance clients (aided entirely from local funds) receive assistance on the identical standards as the cases aided with Federal matching.

For lack of local funds and Federal matching, the standards of assistance have been distressingly low. Beginning in 1950 at less than half the barest minimum needs, gradually increased local appropriations and the decrease in caseloads together made possible a gradual improvement in standards. As a result of a new appropriation increase just enacted, new standards are now going into effect. But even these new standards are inadequate and will sound futile in mainland ears. The maximum allowance for food for an adult is $12 per month (40 cents a day or about 13 cents a meal); for clothing it is $3.50 per month; the maximum rental allowance is $6 per month for two persons. Any contributions from relatives or other income received by the client are deducted from the allowances mentioned. Our average grants on the new standards are $18.50 per month for an adult and $10 per month for a child.

Recommendations

But, even at these low standards, the special restrictions imposed upon our program will result in loss of Federal matching to the Virgin Islands and impose upon our slim treasuries an increased burden that they cannot afford to carry. As a result of the low individual maximums and the overall ceiling, we shall be losing approximately $25,000 in Federal matching in the first year's operations at the new rates. It is probable that we shall not be able to continue even these low standards unless the Congress acts promptly to remove at least two of the provisions which create the most serious difficulty.

We urge most respectfully and most earnestly:

(1) First and of most importance, that Congress remove the overall ceiling of $160,000 for Federal matching to the Virgin Islands for any one fiscal year (imposed by sec. 1108 of the act), or raise this ceiling to $300,000.

To accomplish this, we suggest deletion from sec. 1108 of the words "and the total amount certified by the Administrator under such titles for payment to the Virgin Islands with respect to any fiscal year shall not exceed $160,000." Or, if it is desired instead to raise the ceiling, we suggest changing "$160,000" in the above clause to read $300,000."

(2) Next, that, in the program for aid to dependent children, Congress include matching for assistance to the needy parent or other relative caring for children in the Virgin Islands, as it does for parents or relatives caring for children in the States and other Territories.

To accomplish this, we suggest that, in section 403 of the Social Security Act, there be added at the end of the clause (a) (2) therein, the words "and, in the case of the Virgin Islands, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18."

JUSTIFICATIONS

Removal of the ceiling of $160,000 or increase thereof to $300,000

Such a ceiling has never been imposed upon any State or Territory other than Puerto Rico and the Virgin Islands. It is the universal desire of Virgin Islanders that these islands shall remain permanently a part of the United States of America and that our people shall forever not only enjoy the privileges but also shoulder the burdens of United States citizenship.

We do not now make objection to the fact (although we do not consider them fully justified) that lower maximums are placed upon monthly assistance grants in the Virgin Islands than in the States. We recognize that there are some savings here in living costs, such as winter heating and clothing. But the ceiling upon the total annual expenditures for the program produces an arbitrary limitation

that has no justification and no relationship to the varying but very real need for assistance which may exist in these islands from year to year.

This aribtrary limitation is imposing a real hardship upon the Virgin Islands right now. We are at this moment face to face with the fact that, with the improvement in standards, without changing our low recipient rates, without any appreciable increase in caseload, with administrative costs still running below the average for the Nation, with grants averaging only $18.50 per month for an adult (compared to the $30 maximum) and only $10 per month for a child (compared to the $18 and $12 maximums), we shall be earning next fiscal year approximately $20,000 in Federal matching above the present $160,000 ceiling—$20,000 we shall earn that our islands will lose if this ceiling is not removed at this session of Congress.

When this ceiling was first imposed, Congress had no experience as to how the Virgin Islands would run an assistance program. Its desire then to create some overall limitation, some safeguard, could be understood. Now, after 4½ years of operation, the record of public assistance in the Virgin Islands is sound and makes it clear that there need be no fear of the program running out of bounds. The United States Department of Health, Education, and Welfare, which supervises our program very carefully, can, and I believe will, attest to that record. Surely Congress can be, and should be, persuaded now to remove this unscientific and unfair limitation upon aid to the needy of our islands.

If Congress insists upon maintaining some limitation, undoubtedly it will recognize the wisdom and justice of raising this ceiling substantially. In this event, I propose a ceiling of $300,000. Such a ceiling is fully justified, I believe, by the figures shown on the attachment in which a fair ceiling is worked out on the basis of comparable figures for the assistance program of the whole Nation. Taking the average assistance payments in the United States per inhabitant, and multiplying these by the total Virgin Islands population according to the United States Census of 1950, we find that the comparable assistance payments in Federal categories in the Virgin Islands in a year would be approximately $400,000. Even at the low matching rate of 50 percent provided for the Virgin Islands, the Federal matching earned thereon would be $200,000. Actual administrative costs forecast for the Virgin Island for next fiscal year, and these compare favorably with mainland figures, would earn another $46,000 or more of Federal matching. Thus, at present average mainland payments, any area of our population size would be earning approximately $250,000 of Federal matching. Since this is based only on current averages in a time of normal caseloads and of relatively stable prices, and we are dealing with an overall ceiling which would apply as well in times of adversity with increased caseloads and in times of inflation with relatively high prices, it is surely necessary to up the ceiling to at least $300,000 as proposed.

Inclusion of matching for the parent or relative caring for ADC children

The omission in the current act, in the aid to dependent children program, of Federal matching for assistance to a needy parent or other relative caring for ADC children in the Virgin Islands imposes an unwarranted hardship. It is recognized that Federal matching for assistance to meet the needs of such parents or other caretakers in the United States is seriously needed and is fully justified. The same is completely true for such matching for assistance to parents and other caretakers in the Virgin Islands. The lack of this provision is causing now excesses over the Federal maximums in the large majority of ADC cases with one child, and in many of the cases with a small number of children. The resulting loss in Federal matching will be approximately $5,000 despite arbitrary maximums we have been forced to impose on our ADC grants.

Our ADC program is a sound one. Our ADC recipient rate dropped from 57 per thousand in June 1952 to 35 per thousand in June 1954. We have strong support laws for illegitimate as well as legitimate children. We use the courts vigorously to enforce support where it is available. Our proportion of absent parents, 46 percent, is less than the national average, 59 percent. Our cases in which need arises from death of a parent, 39 percent, is more than twice the national average, 17 percent. This furnishes additional evidence of the care with which our policies are established. This should be one other cause for assurance on the part of Congress that justice done in this program to the people of the Virgin Islands will not result in pauperization of the people but in help to aged, blind, disabled, and children in serious need of aid.

I do hope that your committee will urge upon Congress that it is just and fair to accord the Virgin Islands and their people the same treatment in the laws

governing public assistance as is accorded other citizens of the United States, and that it is necessary, in the spirit of justice, to remove the special clauses which tend to set them aside as second-class citizens. Willingly, without hesitation, and with patriotic fervor, our youth have undertaken the highest responsibility of citizenship, have fought and died for our country, like American youth all over the Nation. Likewise, our aged and our children are entitled to the fruits of that citizenship—and in their hour of need deserve the same consideration as the aged and children on the mainland.

Respectfully submitted.

ROY W. BORNN,
Commissioner of Social Welfare for the Virgin Islands.

PROPOSALS FOR DETERMINATION OF A FAIR CEILING ON THE ANNUAL TOTAL OF FEDERAL PARTICIPATION IN THE VIRGIN ISLANDS PUBLIC ASSISTANCE PROGRAM

A ceiling on Federal participation in the assistance program of the Virgin Islands cannot be soundly based on existing expenditures in the islands, since the standards of assistance are now seriously inadequate (for instance, 13 cents allowance per meal for food), since prices are relatively stable now but may not always or long be so, and since caseloads are at a low figure which might be seriously increased in a time of adversity. Accordingly, it is believed to be more sound, and it is proposed, that the determination of the ceiling for Federal participation in the Virgin Islands program be based on the average amount presently being expended per inhabitant for assistance in the Nation as a whole, with some cushion provided for possible fluctuations in cost of living and caseloads.

Based on public assistance payments throughout the United States and its Territories, and based on the entire population thereof, the United States Department of Health, Education, and Welfare has issued data showing that the average amount expended per inhabitant for assistance payments for the calendar year ended December 31, 1953, was $9.90 for old-age assistance, $3.46 for aid to dependent children, 41 cents for aid to the blind, and 97 cents for aid to the disabled. The highest rate in OAA was in Colorado, $35.30 per inhabitant, and the lowest was Virginia, $1.58 per inhabitant.

Based on the foregoing, Federal matching earned in the public assistance program in the Virgin Islands in a given year, in the four Federal categories, might well total $300,000 (even at the low 50 percent Federal matching now applicable in the Virgin Island program), as follows:

Assistance:	
In old-age assistance—27,000 Virgin Islands population at $9.90	$267,300
In aid to dependent children—27,000 Virgin Islands population at $3.46	93,420
In aid to the blind—27,000 Virgin Islands population at $0.41	11,070
In aid to the disabled—27,000 Virgin Islands population at $0.97	26,190
Total assistance	397,980
Administration: Based on actual administrative costs anticipated in appropriations passed for fiscal year 1955–56 (proportion chargeable to Federal categories)	92,508
Grand total	490,488
Federal Matching:	
At 50 percent of both assistance and administration	245,244
25 percent increase to provide for fluctuations in caseload and cost of living	61,311
Total probable matching earned	306,555
Suggested ceiling	300,000

In the foregoing, there has not been taken into account a factor which should result at this time in a higher average of assistance payments per inhabitant in the Virgin Islands than in comparable areas in continental United States. This

is the fact that the OASI program is so new in the Virgin Islands that it does not cover in the Islands any appreciable portion of the aged and of orphaned children, as it does in the United States. Our OASI recipient rate in the Virgin Islands for persons 65 years and over, in June 1954, was 67 per thousand, as compared with 362 per thousand in the United States. For children, the Virgin Islands rate was 4.3 per thousand as compared with 19.9 in the United States. This tends to make our assistance recipient rate higher than in continental United States, which in turn operates to make our assistance payments per inhabitant high compared to those in the United States. Virgin Islands assistance standards may be considerably lower than in a given State, yet our average assistance payment per inhabitant may be higher than in that State.

STATEMENT OF ARTHUR B. RIVERS, DIRECTOR OF THE SOUTH CAROLINA STATE DEPARTMENT OF PUBLIC WELFARE

As director of the South Carolina Department of Public Welfare, I would like to go on record as strongly endorsing and supporting the extension of coverage, and other rovisions to strengthen the old-age and survivors insurance program contained in H. R. 7225. The principle of contributory insurance as a preferable means of meeting the needs of people is not only economically sound but is consistent with American tradition of self-reliance and freedom from the invasion of privacy inherent in public aid.

We particularly favor the liberalization of the program to extend benefits to insured individuals who become permanently and totally disabled before the age of 65 years and extension of dependency benefits beyond 18 years for disabled dependents of beneficiaries. In South Carolina 70 percent of the recipients receiving assistance under the program for the permanently and totally disabled are 50 years of age and over. Many of these individuals have insured status and should have protection through the provision of disability benefits.

We cannot expect the public assistance loads to be reduced to a minimum unless the present insurance program is strengthened through extension of coverage, adequacy of benefit payments and provision of disability benefits. Even though the system is extended, a period of time must elapse before the full effect of the changes on public assistance can take place.

In strengthening the old-age and survivors insurance program, we must at the same time close the gaps and improve the public assistance provisions of the Social Security Act. Senate bill 3139, covering the administration's proposals in this field, will go a long way in closing the gaps and providing service on a basis which gives family security. We especially favor the provision to provide separate dollar-for-dollar matching of State expenditures for medical care in behalf of assistance recipients. The enactment of this provision will allow South Carolina to more adequately meet the medical requirements of this neediest of all group of persons. At the same time we are in full accord with the provisions providing specific authorization for (1) social services (assisting individuals to attain self-support or self-care, to maintain and strengthen family life); (2) the extension of the list of relatives with whom a child may live and receive aid to dependent children; (3) the elimination of the school-attendance requirement for children 16 to 18 years of age; and (4) the provision to assist States in increasing its trained public welfare personnel through financial participation in the cost of training skilled workers.

There is, however, an exception to which I wish to call your attention. Title II, section 201, subsection (b) of Senate bill 3139 would, effective July 1, 1957, modify the formula determining Federal sharing in old-age assistance payments made to recipients whose assistance payment supplements a benefit received under the old-age and survivors insurance program, from the present four-fifths of $25 of the average monthly payment per recipient, plus one-half of the remainder up to a maximum of $55 on the payment to any recipient so as to provide that the Federal share would be one-half up to the same maximum. We cannot agree with this proposal and strongly urge that it not be adopted. To do so would add one more complex and costly administrative procedure, that is, the difficulty of computing matching on payments when income is from OASI, and another manner of computation when income is from another source. We submit that the receipt of an OASI payment by a recipient should be regarded in no different manner than the receipt of income from private insurance, corporation or other private retirement systems, etc.

In 1954 the revised matching formula (adopted by the Congress in 1952) was extended for 2 years. This formula, which is due to expire on September 30, 1956, would be extended to June 30, 1959, by Senate bill 3139. We believe this extension not only advisable but necessary. Failure to do so will necessitate in some States, including South Carolina, a decrease of grants to recipients. We, therefore, urge the reenactment of this provision on a permanent basis.

In behalf of children, I would urge that title V of the Social Security Act be amended by removing the restrictions limiting use of child welfare service funds to rural areas and areas of special needs, and provide that allotments should be related to the total child population of each State. In addition, we would recommend that the committee give serious consideration to increasing the amount for child welfare services to $15 million. With a high percentage of our population composed of children 18 years of age and under, we are particularly aware of the need for expanding and strengthening services to children.

Daily the need to provide services to and facilities for the protection and care of children becomes more acute. This affects every citizen because the future of this Nation rests with its children; they are its greatest resource and its greatest responsibility. The extent to which the Nation maintains its democratic ways is dependent upon the kind of citizens its children become. We, therefore, urge that you give favorable consideration at this session of the Congress to strengthening the Social Security Act along the lines outlined above.

STATE OF OREGON,
PUBLIC EMPLOYEES RETIREMENT BOARD,
FEDERAL OLD-AGE AND SURVIVORS' INSURANCE DIVISION,
Portland, 1, Oreg., March 6, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance and Taxation Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: It has come to my attention that on February 22, 1956, Dr. William Zucker appeared before the Senate Finance Committee to discuss H. R. 7225. I find that Dr. Zukor, in his presentation, strongly urged the Senate to eliminate quarterly reports and to give consideration to the reporting of OASI earnings and contributions on an annual basis.

Dr. Zucker represented the Commerce and Industrial Association of New York, and I believe that his presentation was well taken from the viewpoint of that organization.

May I call to your attention the provisions in section 223, H. R. 7770, now in the Committee on Ways and Means in the House of Representatives, which contemplate annual reporting and provide that the Secretary of the Department of Health, Education, and Welfare, and the Secretary of the Treasury, or his delegate, be authorized to enter into an agreement * * *.

We are told by the Old-Age and Survivors' Insurance Division of the Department of Health, Education, and Welfare, that this provision is intended to permit a change from the present quarterly report procedure to an annual basis, and we are further informed that it would affect private industry, but not State and local governments which have entered the OASI program under agreement.

The National Conference of State Social Security Administrators in November of 1955, in Baltimore, went on record by resolution strongly opposing annual reporting for States and Territories.

The Public Employes Retirement Board of the State of Oregon, through resolution, also has strongly opposed this annual reporting basis because of the continued liability to the State and the loss of control which would be suffered by the State. I attach hereto a copy of the resolution of the retirement board as well as a copy of the resolution of the National Conference of State Social Security Administrators.

May I respectfully request, on behalf of the State of Oregon, that if annual reporting is to be favorably considered, the legislation permitting such change in reporting be amended to specifically exclude State and local governments from the provision.

Respectfully,

MAX M. MANCHESTER,
Executive Secretary.

(See Mr. William Zucker's statement, hearings, pt. 2, p. 748.)

RESOLUTION ADOPTED BY CONFERENCE OF STATE SOCIAL SECURITY ADMINISTRATORS

III. COMBINED ANNUAL REPORTING

Whereas the Division of Accounting Operations (Bureau of Old-Age and Survivors' Insurance) has submitted a proposed plan for annual reporting; and

Whereas it is recognized that a great deal of time, effort and study has been given to this problem by the Division of Accounting Operations; but

Whereas it is further recognized that the first duty of the members of this conference is to represent the interests of the State governments; and

Whereas it is further recognized that the proposed annual report program would incline toward (1) the loss of State control without reducing State liability, (2) the loaning of State credit toward its political subdivisions, and (3) conflict, in many instances, with existing State law; Therefore be it

Resolved, That (1) this Conference of State Social Security Administrators go on record as opposing the adoption of the annual reporting system of State and local governments as proposed and (2) if, in spite of our objections, the annual reporting system is adopted for State and local governments, the right be left to the discretion of each individual State to accept or reject the plan: Be it further

Resolved, That the executive committee of this conference appoint a committee of at least five members of this conference, representative of the entire United States, who shall continue to study the effects and implications of the proposed reporting plan, and who shall be prepared to confer with the Division of Accounting Operations on this problem.

RESOLUTION PASSED BY THE PUBLIC EMPLOYEES RETIREMENT BOARD

Whereas the Department of Health, Education, and Welfare has proposed a method of annual reporting for old-age and survivors' insurance in lieu of the current quarterly report; and

Whereas the proposed plan would continue to impose upon the several States responsibility for obtaining accurate and timely reports from public agencies; and

Whereas the liability for penalties incurred through delinquency of public agencies would continue to be the liability of the States; and

Whereas the proposed annual reporting method contemplates making reports directly to the collector of internal revenue rather than to the State agency as is now the case, although continuing to hold the State responsible for the timeliness and accuracy of such reports and the delinquency of remitted contributions, such procedure manifestly being detrimental to the State of Oregon: Therefore, be it

Resolved, That the congressional delegation of the State of Oregon be advised that the public employees retirement board, administrator of the old-age and survivors' insurance program for the State of Oregon and for all other public employers in the State, is opposed to the proposed annual reporting plan for public employers within the State of Oregon, and that the Senators and Representatives in Congress from the State of Oregon be requested to use their influence in preventing the enactment of any law which includes public employers in the annual reporting plan proposed by the Department of Health, Education, and Welfare.

STATE OF OREGON,
PUBLIC EMPLOYEES RETIREMENT BOARD,
FEDERAL OLD AGE AND SURVIVORS INSURANCE DIVISION,
Portland, March 6, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance and Taxation Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: On February 21, 1956, the legislative committee of the Conference of State Social Security Administrators was privileged to appear before the Senate Finance Committee to discuss H. R. 7225. At that meeting members of your committee requested information on the increased costs to retirement systems if the retirement age in those systems was to be lowered to age 62.

In the State of Oregon the legislature has passed a law which prohibits discrimination in employment or in wages because of sex. It is apparent that the

legislature, having passed such laws, would not favor a discrimination because of sex at the time of retirement. It is therefore to be assumed that if the retirement age for women was reduced to age 62, the retirement age for men would also be reduced to age 62.

On this assumption, we find that, based on the employer contributions for the 1954–55 fiscal year, the employer cost for the State retirement system would be increased by approximately 27½ percent, if full benefits were to be granted at age 62. At the same time, the employee cost would be increased by approximately 28½ percent. Again, based on the 1954–55 fiscal year, we find that this would represent an increase in cost to the taxpayers of $1,483,829, and an increased cost to the employees of $995,682.

Based on the 1955 calendar year, we find that the social security increased cost of one-half of 1 percent would amount to $875,159 from employees, and an equal amount from employers.

It has long been the history in public employment in Oregon, and I believe paralleled in both public and private industry throughout the country, that increased deductions from an employee's check and a corresponding reduction in take-home pay, bring about agitation and pressure for increased salaries, even though those deductions are brought on by increased fringe benefits. As salaries are increased, the costs mentioned above also increase.

Since there is a saturation point beyond which a public employer may not venture in the expenditure for the one governmental function of retirement, we must realize that continued increases in cost for retirement and social security must eventually have the result of forcing a curtailment of benefits now promised; and since there can be no curtailment on the part of States in the Federal cost or benefit, it must come at the local retirement system level.

During our hearing on February 21, our request that State and local governing bodies be permitted complete freedom in electing the Federal social security program for employees was questioned and the statement was made that, through the referendum procedure, Congress had attempted to grant social security coverage whenever a majority of employees requested it.

May I point out that this referendum procedure permits a very small majority (51 percent) to determine the future for a very large minority (49 percent) and that, in many instances, this minority group is injured through no action of its own.

Revision of the Federal act which would permit a local government whose employees are covered under an existing retirement system to, at any time, establish a new system which would provide social-security protection as well as a reduced supplemental retirement coverage for the members of the new system, and for all persons employed thereafter, but would at the same time permit members of the original system to remain in that system without the benefit of social-security coverage, is desirable. This legislation would permit an eventual coverage of all public employees under the old-age and survivors program without injuring any person during the transition period. Such legislation would, in effect, grant each person the right to an individual referendum and would eliminate injury to the minority by action of the majority. Certainly, it would be impossible to find a more democratic procedure.

May I point out that I am administrator of the Oregon State public employees retirement system and also the administrator of the social-security program for public employees in the State of Oregon. I am therefore vitally interested in the stability and growth of each of these programs.

Respectfully,

MAX M. MANCHESTER,
Executive Secretary.

(See statement of Mr. Charles H. Smith, hearings, pt. 2, p. 635.)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 6, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington 25, D. C.

MY DEAR MR. CHAIRMAN: It is regretted that my legislative duties in the House did not permit me to appear in person before your committee in support of the social-security bill, H. R. 7225, approved by the House last year. There-

fore, I am taking this opportunity to express interest in the amendment offered by 46 Senators which provides for a badly needed increase in public assistance benefits ranging from $5 to $10 monthly.

Representing a congressional district in Pennsylvania where we have a large number of persons dependent upon the old-age assistance program, the increase provided for in the proposed Senate amendment will prove a godsend to those who are having a difficult time keeping body and soul together under the present scale of benefits which in Pennsylvania averages $45.92 monthly.

You will recall that on March 1 the minimum hourly wage was increased to $1 because it was recognized that a person working 40 hours weekly should have at least $40 in wages in order to support himself and his dependents under the American standards of living. I supported the increase and did so because it is a well-known fact that such an increase is necessary to keep abreast of the present-day cost of living.

Since Congress has taken care of our wage earners through amendments to the wage-and-hour law and increases have been granted to Federal employees and throughout industry, surely Congress has an obligation to our senior citizens who are beyond coverage by the Social Security Act because their period of employment occurred before the enactment of the law. These are the same citizens that helped build this Nation through their toil, sacrifices, and taxes and now, in their declining years, many of them are actually living in poverty while we dole out billions of dollars to the underprivileged people of the world.

If this Senate amendment is adopted, it means the average monthly payments in my State of Pennsylvania will be increased from $45.92 to about $56 monthly. Every penny of this increase will be deeply appreciated by over 55,000 elderly citizens now on the public-assistance rolls of Pennsylvania.

Thanking you for any assistance you can render in rescuing these elderly Americans from their present plight, and with kindest personal regards, I am.

Sincerely yours,

JAMES E. VAN ZANDT.

STATEMENT REGARDING PROPOSED AMENDMENTS TO THE FEDERAL SOCIAL SECURITY ACT RELATING TO OLD-AGE AND SURVIVORS INSURANCE, PUBLIC ASSISTANCE, CHILD WELFARE SERVICES, AND SURPLUS COMMODITIES

STATEMENT OF DR. J. S. SNODDY, COMMISSIONER, ALABAMA STATE DEPARTMENT OF PENSIONS AND SECURITY

INTRODUCTION

My name is J. S. Snoddy. I am commissioner of pensions and security for the State of Alabama. In this capacity I am the executive of the agency which administers all forms of public assistance and public child welfare services in the State. The program is carried out through the 67 county departments under the supervision of the State agency. My comments today represent the thinking of the department of pensions and security, which includes a large staff of professsionally trained personnel.

OLD-AGE AND SURVIVORS INSURANCE

It has long been the expressed opinion of this agency that strengthening of the old-age and survivors insurance program is of vital importance. We believe that extended coverage and more adequate benefits will reduce future dependency, and that this program offers the main bulwark against want in the Nation. At the same time, no matter how broad this program either is or is made, there will remain in Alabama, and in many other States of like character, a large dependent population unable to benefit from OASI provisions. I refer to the fact that Alabama's present OASI recipient rate is only 329 compared with 423 in the Nation, whereas its aid to the needy aged recipient rate is 438 compared with only 179 for the Nation. Many Alabamians were already 65 or older when the broader provisions took effect. They had neither the ability nor the opportunity to obtain coverage. Many who gained coverage can receive only minimum benefits.

We believe it would be advisable to reduce to 62 the age at which women are eligible to receive benefits if it is necessary for them to do so. We are particularly mindful of the fact that in Alabama often there are needy women who

are not permanently and totally disabled and are not 65 but still are in need and unable to earn their way. We think reduction of the permissive retirement age for women would make this problem less acute.

Permanent and total disability is another constant cause of dependency in Alabama where there are now over 11,000 recipients of aid under the public assistance title of aid to the permanently and totally disabled. The proposed amendment to extend OASI eligibility to covered, disabled workers at age 50 would be a positive stop to alleviate need. It should reduce the future load for this assistance program.

We favor any liberalization of the old-age and survivors insurance program which serves to make coverage and benefits more adequate. We believe all Americans should have the opportunity for this protection.

PUBLIC ASSISTANCE

Alabama ranks 46th in per capita income in the Nation and consistently has been among the States in the lowest income bracket. It is not surprising, therefore, that Alabama has a high recipient rate for public assistance. For old age, the rate is 438 per thousand compared with 179 for the Nation. For aid to dependent children, it is 47 per 1,000 children under 18 compared with 29 for the Nation. For aid to the permanently and totally disabled, it is 6.9 compared with 3.2 for the Nation. Alabama's funds are limited for these programs and payments cover only a percentage of budgeted unmet need for all categories.

In Alabama average grants in January 1956 were $32.27 for the aged, $32.93 for the blind, $41.04 per family, and $10.36 per eligible recipient for dependent children, and $33.73 for the permanently and totally disabled. These compare unfavorably both with national averages and with averages for the Southern States. The most recent figures for the Nation are: $53.93 for the aged, $58.09 for the blind, $88.61 per family and $24.35 per eligible recipient for dependent children, and $56.18 for the permanently and totally disabled.

On a per recipient basis, most recent data show only 4 States paid less than Alabama in aid to the aged, 1 paid less for dependent children, 1 paid less for aid to the blind and 4 States paid less to the permanently and totally disabled.

With Alabama thus unable to provide even the basic needs for its large dependent population under present formulas, it would be distressing indeed for Federal matching to be reduced. This State, therefore, urges at least continuation of the present formula of $20 out of the first $25 and dollar for dollar up to $55. It would be preferable if the ceiling could be increased and if matching could be arranged on an average rather than an individual payment basis.

We believe, too, that it would penalize Alabama's needy to relate the public assistance matching formula to receipt of old-age and survivors insurance. We recognize the necessity of taking into account all income and resources of a needy person, but we do not believe such income should be considered on varying bases. In other words, a person receiving $30 monthly in OASI benefits should be treated for matching purposes in the same manner as a person who received $30 from some other source. Likewise, we think such a provision would complicate administration and would be costly to handle.

It is far more advisable and practicable, also, that medical care should be a part of the total regular payment and not matched separately. One of the largest single reasons for opening cases in Alabama has been illness or disablement of the breadwinner. We know that we need better public medical care facilities in this State, but we also know that many recipients require medical attention. We think the best method of handling this problem would be an increase in the Federal ceiling rather than a separate matching arrangement for medical care.

We believe it would be most advantageous to permit the granting of aid to dependent children to boys and girls between 16 and 18 who have been deprived of parental support. We also think it would be advisable to include cousin, nephew, and niece in the group of relatives with whom children may live and receive this type of aid. The Alabama State Legislature went on record as endorsing the need for extending aid to dependent children to mentally and physically disabled children between 16 and 18 who cannot attend school.

We favor provisions for extending Federal funds for training of professional social workers and for matching of social services. In Alabama we have high caseloads and a limitation on administrative costs which prevents our providing a maximum amount of social service. We recognize, however, the importance of such services as a tool in rehabilitation and prevention of dependency.

CHILD WELFARE SERVICES

We believe that funds released to States under title V, part 3, of the Social Security Act for child welfare services should go to a single State agency responsible for public child welfare services. We think any matching basis for such funds should be related to some criteria, such as a State's per capita income or other similar factor. Preferably, however, the funds would be released for use with State moneys to strengthen services for all children within a State through its public child welfare services. There should be no restriction as to where funds can be used (i. e. rural areas or areas of special need). Any allocation of funds to a private agency should be made only at the direction of the State public child welfare agency.

It is important that the full appropriation for child welfare services be made and that the authorization be increased. For these funds to produce maximum benefit in behalf of all children, they should be channeled through the State's public child welfare program to strengthen the total service. In other words, it is highly desirable that there be no designations within the funds for specific projects, such as those relating to juvenile delinquency, research or foster care. No area of child welfare service properly could be isolated from an overall well-rounded program.

Likewise, we urge strongly that the United States Children's Bureau remain within the Social Security Administration. There it can be an integral part of the total public services for children in their own and foster homes.

SURPLUS COMMODITIES

We believe that careful study should be made before any legislation is enacted relating to surplus commodities. The dual purpose of the program—to move surpluses and to benefit needy persons—must be examined along with the plans offered. While food stamps might help the individual, would they prove effective in moving surplus products?

Whether the program is set up to require operation in all political subdivisions or may be adopted in a particular area of a State, there should be Federal participation in administrative costs. We feel such participation is a necessity. We think, too, that surplus foods should never be regarded as income for public assistance purposes. There is the question, too, as to whether eligibility should be limited to beneficiaries of assistance and unemployment programs or should be extended to all persons with low but inadequate incomes.

SUMMARY

In brief, I believe it is the will of the people of Alabama that there should be adequate provision for needy citizens. We think that old-age and survivors insurance offers the soundest long-range plan, but we know that today it is limited as to the number it can reach in our State. We are concerned, therefore, that Federal matching for the assistance programs be adequate and that consideration be given low income States especially which are unable to finance an assistance program without Federal aid. We believe, too, that child welfare services should be strengthened as another long-range plan for strengthening future citizens.

CITY OF KANSAS CITY, MO.,
WELFARE DEPARTMENT, OFFICE OF THE DIRECTOR,
Kansas City 6, Mo., March 1, 1958.

Senator STUART SYMINGTON,
United States Senate, Washington, D. C.

DEAR SENATOR SYMINGTON: Social agencies, labor unions, and the city of Kansas City, Mo., have all been concerned about the needs, especially of employable unemployed persons and people on relief rolls.

General and categorical relief—aid to dependent children, blind, aged, etc.—are supplied through the welfare division of the State department of health and welfare, and is actually administered through local county offices. But the State provides no assistance for those who are unemployed, yet are employable.

Very small emergency relief amounts are supplied by a few local agencies, which amount, at best, has usually been around $3 a week per person for food. At the present time, these funds are been almost completely exhausted. One

agency has indicated that they are referring people who need food to forage through discarded fruits and vegetables at the municipal market. We have also been told that children who obtain lunch at school under the school lunch program, often wait for any other food until their younger brothers and sisters at home could be fed.

The State board of health does make surplus commodities available to schools for the school lunch program, and to other institutions—but none has been made available to individuals.

Recently there have been a number of meetings in Kansas City to work out the possibilities of making surplus commodities available to individuals. The last report we had was that there are over 20,000 people on the relief rolls in Jackson County; and that there are over 27,500 unemployed persons in the four counties of Jackson and Clay in Missouri, and Wyandotte and Johnson in Kansas. Of course, the larger percentage, I imagine, would be from Kansas City, Mo. All these people (or certainly a large portion of them) would be eligible for surplus commodities.

The most recent meeting was held February 13, and was attended by the following people:

Mr. John J. James, assistant area supervisor for surplus commodities, United States Department of Agriculture
Mr. Earl M. Langkop, director school lunch program, State Board of Education
Mr. Edward Dunkin, director, Jackson County Welfare Office
Mr. John McNamara, director, Wyandotte County Social Welfare Board
Mr. E. W. Neidig, executive director, Council of Social Agencies, Kansas City
Mr. Joseph M. Welsh, executive secretary, Greater Kansas City Industrial Union
Mr. Darwin Winstead, labor secretary, AFL Community Chest
Mr. Virgil McCormick, labor relations secretary, CIO; Community Chest
Brig. Milton S. Agnew, Salvation Army
Dr. Hayes A. Richardson, director of welfare for the city of Kansas City, Mo.
Mr. Thomas D. Sheahan, commissioner of markets for the welfare department of Kansas City

It was pointed out that at the present time surplus commodities were distributed to some extent in the 11-State area comprising the Central Midwest (Michigan, Ohio, Indiana, Iowa, Nebraska, North Dakota, South Dakota, Wisconsin, Minnesota, Illinois, and Missouri). However, in only a few instances were State funds available for this project, and the distribution in most cases was very sketchy, concentrated in one point, or to meet especially an emergency situation. It was pointed out, too, that the method of distribution, although providing a means to provide some surplus commodities to needy persons, was very cumbersome and costly as it applied to surplus commodities, for the following reasons:

1. That these commodities often are made available in varying quantities from time to time, and, in fact, the commodities themselves vary from season to season, which, in turn, provides a real problem of administration.

2. The financing problem is relatively large for unpredictable quantities and commodities, for storage and the consequent necessity of financing.

3. The problem of processing certain commodities in consumer packages, such as cheese, dried beans, rice, flour, and cornmeal, in addition to any fresh fruit and vegetables which may be offered from time to time, which also provides a considerable financing problem.

4. The problem of furnishing transportation to a concentrated point in each area where these commodities may be obtained by the individuals entitled thereto.

5. The great detail and responsibility now involved in the proper accounting for such commodity distribution.

6. The present cost from the State level down to the county level in making such distribution.

7. Certification is also difficult.

We must state, however, that in spite of the difficulties mentioned above, which do not make the present administrative setup satisfactory, we still feel the program is worth while, although in each State only a small portion of the population has had the advantage of receiving these surplus commodities.

It seems to me that a stamp plan is much more satisfactory, and would remove many of the difficulties incident to the distribution to individuals of surplus commodities that exist at the present time.

First, the ordinary sources of distribution would be used, which would make for efficiency in distribution and economy of use from the point of view of the recipient. I especially like the Kerr bill, although the Humphrey-Aiken food stamp plan, or the Kefauver food stamp plan, would also be acceptable. It would certainly give an equal opportunity to every section of the country, rather than have to work in the distribution of surplus commodities into such emergency situations, which often are temporary and are also subject to the ability of local communities to qualify.

I feel that Kansas City and the State of Missouri would certainly benefit, and supply food to many people who are at present hungry.

Yours very truly,

HAYES A. RICHARDSON,
Director of Welfare.

THE AMERICAN PARENTS COMMITTEE, INC.,
New York 17, N. Y., March 1, 1956.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: This letter is to register with the Senate Finance Committee the views of the American Parents Committee on certain bills which are before you to amend the Social Security Act. Since the purpose of this organization is to promote legislation for the health, education, and welfare of children, we are specifically concerned with the provisions of H. R. 7225 and S. 3139 which would affect children, and with all of S. 3297 which is known as the Child and Welfare Amendments of 1956. We ask that this communication be published in the record of the hearings just concluded on H. R. 7225 and related bills.

S. 3297

The Child Health and Welfare Amendments of 1956

The American Parents Committee supports all the provisions of this bill and urges the Senate Finance Committee to include it in whatever social-security bill it reports to the Senate. These amendments would bring about a long overdue expansion and tsrengthening of the child welfare provisions of the Social Security Act and would remedy one specific inadequacy in the allotment of project money under the maternal and child health and crippled children's grants-in-aid.

We approve of the increased authorization of the child welfare grant from the present $10 million to the proposed $15 million. The increase in the number of children, the many needs of those children, and the improvement in welfare work in most States indicate that this much money is needed and will be used.

Actual experience during the past several years with the operation of the child welfare grant-in-aid has shown the limiting effects of the present law which specifies that Federal child welfare funds may be used only in predominantly rural areas. A neglected child who needs a foster home in a city is just as much in need as the neglected child in the country. Even with the help of the voluntary agencies found mostly in urban areas, welfare services for children have not kept up with the need. Furthermore, States have been handicapped in their planning because they could not use Federal money in an overall balanced program. S. 3297 would remove the limiting restrictions about rural areas and would allow allotments (under an equalization formula) to be based on the total child population of each State. Furthermore it would permit each State to use its own judgment and use Federal funds to establish, extend, and strengthen services to children wherever children are in the most need of them. We call your attention to the fact that this change is in line with the recommendation of the Commission on Intergovernmental Relations which said that—

"Federal financial support for child welfare services be made generally available not only in rural areas, as at present, but also in urban areas, where serious need exists for this program."

We are especially glad to see in S. 3297 the explicit provisions which enable the States to use Federal funds to provide better foster care for children. When a child is neglected or abused; when he is homeless or in great need, the child welfare worker must try to provide the kind of care that child needs for his physical well-being. She must find for him the home environment which will relp him to develop into a normal member of society instead of a delinquent. She

may try to provide better care in his own home, she may decide he needs a foster home, or to be permanently adopted. The provisions of S. 3297 permits Federal funds to be used by States for a balanced all-round child-welfare program best adapted to the needs of the many individual children in that State.

H. R. 7225

We specifically endorse and support one provision in H. R. 7225, that which permits the child's benefit under survivors' OASI insurance to continue after the child is 18 if that child is disabled. This will be of great help in families where the survivor is left with the care of a child who is severely mentally or physically handicapped.

S. 3139

We would like to register our approval and support of two provisions of this bill.

1. The provisions which encourages the administrators of public assistance not only to give financial assistance, but also to help the family find ways of self-support and self-care. This is particularly important in relation to dependent children.

We believe with Secretary Folsom that there is much that can be accomplished among public assistance recipients to return some to self-support, to enable some to care for themselves, and to help rebuild family life for children whose home-life is threatened by desertion or the incapacity of a parent.

2. The provision which allows Federal grants for the training of public-welfare personnel in the public-assistance programs. We believe that it takes well-trained workers to deal wisely and compassionately with children who for some reason or another must be granted help under the ADC program. Bad handling of a dependent child can be tragic.

We regret that it is not possible to go into more detail regarding this proposed legislation. We urge you to give careful considerations to the provisions we have described. Especially we urge you to get them before the Congress at the earliest date so that they may be acted upon before adjournment.

Sincerely,

GEORGE J. HECHT, *Chairman.*

STATEMENT OF HON. ED EDMONDSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. Chairman, I am deeply grateful for the opportunity to submit a statement to this committee in support of H. R. 7225 and some proposed amendments now being considered by this committee.

The need for H. R. 7225, which passed the House last July 18, is pretty generally accepted, and the popular support for its provisions is indicated to some degree by the overwhelming vote of 372 to 31 it received.

This committee is considering a number of amendments to this bill, and it is in this connection that I shall primarily direct my remarks. I should in particular like to endorse the Long amendment submitted February 24 by Senator Long on behalf of himself and 45 other Senators.

This amendment would be a real step forward in the field of old-age assistance, just as the provisions of H. R. 7225 as passed by the House would improve the social-security program. The needs of our older citizens not covered by social security are just as real and just as urgent as those of other citizens, and certainly they should not be neglected. Senator Long and Senator George, as well as the other Senators associated with this amendment, have done an excellent job in focusing attention on this problem, and I want to compliment them on their deep interest and fine efforts on behalf of a cherished group of our people.

My own State of Oklahoma would stand to benefit by $7,848,302 under this proposed amendment, and 95,100 persons would be affected. I am sure that both the officials and the people of my State would welcome with real gratitude such increase of Federal matching for the assistance of aged persons.

There are 4 additional points relating to the old-age assistance program which I would like to respectfully ask this committee to consider.

First, I believe there should be more liberal provisions for part-time employment under this program. The present ceiling is unrealistic, and it promotes

the practice of fraud. It also tends to rob older people of their initiative and self-respect, which certainly is not in keeping with the traditions of this country.

Second, the age for women to become eligible should be lowered from 65 to 62. The standard should be the same for women both under the old-age assistance and social-security programs.

Third, there should be more liberal provisions on property holdings to take into account the increase in property values throughout the Nation in recent years. Also, I do not believe that household furnishings, insurance policies, or burial arrangements, in moderate sums and value, should be charged against the recipients in property ownership clauses.

My fourth and final suggestion is that Congress should make a special inquiry into the operation of the caseworker system. There are undoubtedly many fine caseworkers who are doing a good job in retaining the friendship of the old people while they perform their work. On the other hand, there are just as definitely some caseworkers who have lost the spirit of the program and who are responsible for creating great resentment among the old people they visit. They are causing bad feeling toward the Government itself, and they are to blame for a mounting demand from the old people who should be their good friends that their jobs be abolished. In substance, it is my conviction that the old-age assistance program probably would benefit a great deal from a thorough congressional examination of the caseworker system and its operation.

Again, Mr. Chairman, let me thank you for affording me this opportunity to make a statement to this committee on this important subject.

STATEMENT OF METROPOLITAN WASHINGTON CHAPTER, NATIONAL ASSOCIATION OF SOCIAL WORKERS

The purpose of this statement is to recommend that H. R. 7225 be accepted in its present form. The Metropolitan Washington Chapter of the National Association of Social Workers supports as sound the substantive changes regarding extension of coverage and provision of additional benefits. Passage of this bill would increase the security and add to the well-being of several million persons who are not either entirely excluded from protection under the insurance provisions of the law or whose coverage is sporadic and inadequate.

1. The association is in favor of extension of coverage to all self-employed persons, except physicans in accordance with the principle expressed in its platform statement that there should be "coverage for every working person including * * * self-employed" Such extension of coverage would meet the numerous requests for coverage from members of the professions included in the bill. Polls conducted by organizations presenting such professions have been greatly in favor of coverage. It seems of particular import that extension of coverage while it would benefit about a quarter of a million individuals would not involve added costs to the social insurance system.

2. Continuation of monthly benefits to disabled children age 18 and over constitutes a change in the Social Security Act which the association considers of great import. Continuation of payment of benefits to disabled children and to the mother who cares for the child will not only benefit the child who remains entitled to benefits but in many instances other children and adults in the child's family. Under present law when benefits of a disabled child stop once the child had reached the age of 18 years, the costs involved in its continuous support need to be paid, in many instances, by curtailing the expenditures for care, support, education of other, younger children in the family or by requiring that the mother who was to care for the child seek employment in turn. Continuation of benefits and enhancement of efforts to provide to the disabled child the vocational rehabilitation measures available to disabled persons in general would therefore, be likely to remove the threat of a lowering in the level of living for families affected by these additional benefit payments.

3. Disability insurance provisions of H. R. 7225 constitutes a change in the present Social Security Act which is greatly favored by the association. These provisions although they do not implement fully the statement of policy regarding disability insurance as formulated by the American Association of Social Workers in 1950, appear to us to be a progressive change likely to meet with the most serious problems of permanently and totally disabled middle-aged and older persons. The plight of the older worker, often the head of a family with children out of school, young members of the labor force or planning to build up a family of their own, is particularly serious as a substantial part of savings,

if any, may have been invested in the education of his children. The wife of such an older disabled worker, middle-aged or older herself has little if any chance to reenter the labor market and resume gainful employment when she had been a housewife and homemaker for many years. The disability of the spouse moreover may prevent gainful employment of the able-bodied other partner. Dependence on disability assistance constitutes a great hardship for many individuals who have been self-supporting and never dependent upon outside help. Insurance benefits to which they have contributed from their previous earnings would constitute a form of income maintenance that would not add a psychological and emotional burden to the burden involved in premature disability to work. It is for these reasons that the association wishes to express its strong support of the provisions of H. R. 7225.

4. The association favors reducing the retirement age of women from 65 to 62 years. The provisions of H. R. 7225 regarding changes in the retirement age for women would mean immediate additional protection for more than 1 million women. Included in this group are wives of workingmen, widows, and women insured on account of gainful employment of their own. The change in the law would, in the opinion of the association, remove serious hardships for each of the three groups of women involved in the proposed changes made by H. R. 7225. Wives of retiring workers are almost always faced with difficult adjustments to reduced income involving lowering of the standard of living. Such adjustments are complicated in the numerous instances where the benefits are for the retiring worker only and do not include benefits for a wife several years younger than the husband. Reducing of retirement age for women and payment of monthly benefits to women 62 would remove much of this adjustment problem.

Widows of a deceased wage earner are in particularly difficult circumstances when they are too old to resume employment (60 or more) but not old enough, i. e., not yet 65, to become entitled to insurance benefits or be eligible for assistance. In many instances savings which in conjunction with insurance benefits may provide security will be quickly exhausted where the individual needs to live entirely on her liquid assets. The right to survivors benefits at the age of 62 instead of 65 will reduce great hardships in many instances. In addition it seems justified to assume that earlier entitlement to benefits may contribute to reducing dependency among the older widows after they have reached the age of 65, as fewer will need to use up their assets during periods without survivors benefit protection.

Finally, the provision will reduce dependency among these older women between 62 and 65 who have depended on employment of their own and, for reasons beyond their control, have lost employment. Unemployment statistics support the contention that reemployment of older workers in general, and workers over 60 years becomes increasingly difficult. Women workers are particularly hard hit.

For the reasons set forth in the preceding paragraphs we support the provisions of H. R. 7225 in general and are gratified that the House of Representatives passed a bill which will result in removing numerous hardships.

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
March 6, 1956.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I am writing to call to your attention a proposed amendment to H. R. 7225, suggested to me and others by the Honorable Ellen B. Winston, commissioner of public welfare for North Carolina.

I have discussed this amendment with Dr. Winston, and am in full accord with its objective, which is briefly described in the following quotation from her letter to me about it:

"I appreciated the opportunity of talking with you yesterday about the importance of extending the aid to dependent children program so that we may give needed financial assistance to children in the homes of persons who have legal custody of them. There are many reasons why this type of extension of the ADC program is particularly needed in our State at the present time. You are well aware of the many tense situations throughout the State, situations which tend to be aggravated by the knowledge that children are receiving aid

to dependent children funds in homes that are disapproved by the community because the mothers do not meet community standards with regard to their behavior and frequently even neglect the children. Under present law we cannot move those children to more suitable living arrangements because we would lose the Federal help in taking care of them.

"We do not think this proposed extension of ADC would involve additional Federal funds to any extent. We are already taking care of these children. We simply want more flexibility in planning adequately for them.

"For your ready reference in connection with this matter, I am enclosing copies of the kind of language which would be needed to amend title IV of the Social Security Act, and excerpts from testimony given by me and Mr. John Tramburg before the Senate Finance Committee on February 28."

(Excerpts of testimony of Commissioners Winston and Tramburg not reprinted—for full testimony, see pp. 847 and 877.)

I hope very much that you committee will be able to give this sound proposal favorable consideration.

With warm personal regards, I am

Sincerely,

W. KERR SCOTT.

(a) Section 406 (a) of the Social Security Act is amended by striking out "or aunt" and inserting in lieu thereof "aunt, first cousin, nephew, niece, or an individual who has legal custory of a child," and striking out "relatives" and inserting in lieu thereof "persons."

(b) Section 406 (b) and (c) is further amended by striking out "relative" and "relatives" wherever they appear and inserting in lieu thereof "person," or "persons," respectively.

STATEMENT OF WARREN G. MAGNUSON, UNITED STATES SENATOR FROM THE STATE OF WASHINGTON

Early this year the Joint Committee on the Economic Report, after intensive exploration, reported to Congress a program for the low-income population at substandard levels of living. In addition to many specific recommendations for action, the report said:

"We are, in a very real sense, limiting our future economic growth by the extent to which we do not promote the maximum realization of the productive potentialities of the younger generation."

It seems only applied Christianity to me that children on public assistance need food, warmth, clothing, medical care, and decent homes just as other boys and girls do. If they cannot wear shoes and dresses and shirts like those of other kids, and contribute their dimes to school collections for the Red Cross, they feel different and outcast. Let us help them to be like other children, to afford to join the Scouts and other clubs, and the Nation will have less illness, less juvenile delinquency, and less crime to drain our strength and our resources.

I have previously joined with the junior Senator from Louisiana, the senior Senator from Georgia, and many other distinguished Senators in proposing an amendment to H. R. 7225, introduced on February 24, which would increase Federal matching grants to the States for old-age assistance.

The additional amendments which I have introduced would similarly increase Federal matching grants to the States for public assistance to the blind, dependent children, and the permanently and totally disabled. My amendments follow a pattern similar to that in the Long amendment and follow past precedents of the Congress in improving all the categories of public assistance simultaneously rather than changing the matching formula for only one of the categories.

Our Nation can surely afford to be more generous to the blind, to dependent children, and to the permanently and totally disabled as well as to the aged. The additional outlay of $100 or perhaps $200 million a year would relieve much suffering, would increase markets for farm products, and would add to the well-being of communities throughout the country. The investment would be more than repaid in human welfare, a more productive population, and greater prosperity.

As a result of these amendments the Federal Government would offer to pay five-sixths of the first $30 paid on the average by a State in a month to the blind, the permanently and totally disabled, or to the mother or other relative caring for dependent children. This would be instead of the present formula

of four-fifths Federal matching up to $25. Above the initial $30, there would be offered 50–50 matching of Federal and State funds up to a maximum of $65 instead of the present $55.

The resultant increase in payments would be $5 to $7.50 a month for some 105,000 blind persons and 244,000 permanently and totally disabled persons now receiving assistance.

For dependent children, the five-sixths matching would apply for the first $18, and the 50–50 matching would be available up to $36 a month for the first child in a family and up to $27 for each other child. A monthly increase in payments for each child of $3 to $4.50 would probably result.

These more liberal Federal matching grants would be made available to the States on the same pass-along basis proposed in the earlier amendment for the aged, in order to assure that increased payments to the recipients would result. Any State desiring to avail itself of the liberalized matching formula would have to demonstrate that the average State contribution has not been reduced from the 1955 level. If a State does not desire to comply with this requirement, the State would be permitted to continue Federal matching as under existing law, namely on the formula established by the McFarland amendment in 1951.

Existing provisions are summarized in the attached table. This table is valuable also as reinforcing my earlier statement that Congress has never singled out one category of recipients alone when enacting a more liberal formula for public-assistance grants.

Congress has never provided as liberal grant formulas for dependent children as for the other categories. My amendment would move in the direction of more equal treatment by providing the same matching formula for the mother or other relative caring for the children as is provided for the aged, the blind, or the disabled. Some 600,000 adults would have the advantage of this improvement, and the children in their care would also benefit.

Only 26 percent of the Federal funds spent for public assistance goes to help dependent children and adults caring for them although together they constitute 43 percent of the persons receiving public assistance.

I, myself, would gladly go still further in providing more generous Federal grants for assistance to dependent children. The average monthly payment they receive is far too low, only $32 per child or $24 per recipient as compared to the monthly average of $54 received by the aged and $58 by the blind. More than 1½ million children are now receiving such aid. We estimate that our amendments would increase Federal outlays on their behalf by $3 to $4.50 a month, or, in round figures by between $36 and $54 a year, depending on the number of cases and the liberality of the States. The prospective total outlay at the higher figure by the Federal Government would be well under $100 million. It would be supplemented by the additional grants for mothers or other relatives caring for the children.

These expenditures would be both humane and sound.

In proposing these amendments, I do not mean them as in any way a substitute for the provisions of H. R. 7225 as passed by the House. I thoroughly concur in its provisions for improving old-age and survivors insurance and adding insurance benefits for the permanently and totally disabled. Public assistance needs improvement but it cannot be a substitute for social insurance payments related to earnings and received as a matter of right without a needs test or other strict requirements as to residence and liens on property.

(Whereupon, at 12:55 p. m., the committee adjourned, to reconvene at 10:10 a. m. Wednesday, February 29, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

WEDNESDAY, FEBRUARY 29, 1956

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

The committee met, pursuant to recess, at 10:10 a. m., in Room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd and Carlson.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The meeting will come to order.

I have here a statement from Senator Margaret Chase Smith. Without objection, it will appear in the record as though read.

Thereafter, we will hear from the first witness, Dr. Francis E. Townsend. He is so well known he needs no introduction.

STATEMENT OF HON. MARGARET CHASE SMITH, A UNITED STATES SENATOR FROM THE STATE OF MAINE

Senator SMITH. Mr. Chairman and members of the Committee on Finance, as a Member of Congress for some 16 years, 8 years in the House of Representatives and going on 8 years now in the Senate, I have been deeply interested in old-age and disability legislation.

Since we are not all endowed with the gifts and the abilities to achieve security through individual efforts, the need for social security has been incontestably established. Real, adequate resources sufficient to insure us against the hazards of such contingencies as old age and disability have been achieved by persons of exceptional abilities and good fortunes—not by the average citizen of our country.

The great majority of our citizens endure serious, if not tragic, decline of their ability to command income as they encounter the later phases of their lives. That is the clear truth about social security, a truth which places the need for it beyond debate.

In recent years, it has become perfectly clear to me that we are not yet successful in the effort to solve the problem of social security for the American people. I am the first to recognize that if it were not for the things we have done in Congress, the plight of the aged, and of others would be deplorably worse than it now is.

On the other hand, it is perfectly obvious to me that we have failed to improve the income position and the living standards of our aged in comparison with the standards enjoyed by the other adult citizens.

This situation is a fatal condemnation, in my view, of the effectiveness of the programs we have been working under; for it unanswerably decrees that these programs are not such as to offer any hope of

ever genuinely solving the problem in the manner it should be solved—in a manner that history can record as a real credit to our country and to our times.

Realizing these things, I am forced today to take what may be termed a new look at the whole picture of the social security problem. In short, we have embarked on a futile and aimless road, so far, in our efforts to solve this problem.

Is it really good sense, in view of these facts, to go on and on trying to render workable a type of program which is clearly demonstrated to be a feeble one? Isn't it time we took a wholly new look at the whole problem, from the ground up?

Ever since I first gave social security my attention, I have been keenly aware that Congress has been prone to approach it with extreme caution, with anxiety lest we set up a program of great "costs" that might become a burden and a millstone dragging upon our economy and our welfare. That has, I feel, been a fundamental rule underlying our general attitude toward this problem.

Perhaps, right in this question, we may find our error. It is possible that a generous solution to this problem of old-age security might be a great economic boon in our national life instead of a burden to be approached with too extreme caution?

Let us ask ourselves some serious questions about this matter. First, are the people in our country who have successfully achieved prosperous retirement positions considered to be burdens of benefits to our economy in general?

To me the answer is an obvious one: They are not so considered. In fact, such people are looked up to; they are completely welcome customers to every type of business in the land; it has become an accepted view that they constitute a stabilizing factor tending to uphold our overall buying power, which, in the end, is our employing power for labor and for industry.

Retired people are essentially nonproductive people, by simple definition. Their main offering in return for their support by the productive part of the population is their money. However—and I think this is the real kernel of the whole thing—they are people who, upon reaching old age have not suffered a breakdown in their living standards; they are continuing to be good customers throughout their whole lives. As such, they are unmistakably assets to our general economy.

If this is the truth—and I believe it is—then the next question obviously is this: Why would it be burdensome to our national economy and a detriment to the general welfare of the people and the country if we establish a Federal retirement program which would abolish poverty for our aged population generally?

Frankly, I feel that the known facts answer emphatically that it would not be burdensome; but, on the contrary, that it would be beneficial for exactly the same reasons that it is beneficial in the case of those who have successfully achieved such security in their years of retirement.

The present system of old-age and survivors insurance does not solve this problem. In fact, it can hardly be said that, so far, it has even prevented the problem from getting worse. The economic results reveal this pattern of life. Most Americans reach retirement age or encounter serious disabilities and swiftly find their command of in-

come disappearing. They cease to be worthwhile customers in the business world. Thereby, the overall total magnitude of stable buying power in our economy is undermined.

Add to this the fact that a constantly greater proportion of our people are successfully living to old age, and we find ourselves dealing with a force destructive of buying power that has long since become a tremendous one and one which is growing steadily. I feel that the time has come to stop it.

I feel that it is high time Congress undertake the project of solving the problem as it should be solved—fully. We have spent enough years on the approach of cautiously supplementing the inadequate resources of the aged by means of inadequate benefits under the present inadequate system.

We have spent years enough doling out public-charity assistance in the form of mere pittances in most States. The problem of the people is not going somehow to work out by itself. It is only going to work out if we here provide a program to work it out.

The CHAIRMAN. Dr. Townsend, will you and your associates come forward and proceed in your own way, sir?

Senator CARLSON. I would like to state that I am so pleased to see Dr. Townsend looking as well as he is because he has been coming before the Ways and Means Committee of the House for years when I was a member and now he is as active and interested in this as he ever was. I am so pleased to see you.

Dr. TOWNSEND. It is kind of you.

STATEMENT OF FRANCIS E. TOWNSEND, M. D., PRESIDENT, TOWNSEND PLAN FOR NATIONAL INSURANCE

Dr. TOWNSEND. Mr. Chairman, it was a little over 22 years ago that I first proposed the program which my colleagues and I are here to discuss with you today. Over the years we have made some changes in our original plan, improving it where it has needed improvement, amending it where it has required revision. Basically, however, the program incorporated in H. R. 4471, the bill now held by the House Committee on Ways and Means, is the so-called Townsend plan which I believe has become familiar to you.

It is my devout hope, and the hope of millions of elderly citizens banded together in the organization I represent, that after you have heard our testimony and have studied the supporting statistical data we have brought with us, you will be persuaded to recommend to the full Senate a number of rather radical changes in the present social-security program. I use the word "radical" not in its usual social or economic sense, but as a surgeon might employ it. I mean that in our approach to social security we should probe the real roots of the problem and not satisfy ourselves with palliatives, as we have so often done in the past when we have tried to cure a sick social-security system with patchwork therapy. I submit that radical surgery is indicated.

In short I hope that this committee, and later the entire Congress, will see fit to endorse the program we advocate. I harbored a similar hope some 20 years ago when I first appeared before a committee of Congress. I believed in those days that once Congress had heard our story it would proceed with dispatch to enact our legislation. But

that was long ago, and besides, I was a relatively young fellow of only 69 years at the time, and thus probably the victim of the inevitable optimism of youth. I have mellowed over the years, and become more patient. And now, in the years of my maturity, I am back again to plead our cause—with, I trust, somewhat more gratifying results this time.

I might point out at this juncture that H. R. 7225 leaves us with mixed feelings. Certainly we applaud the provisions which would make coverage nearly universal, lower the retirement age for women to 62, pay disability benefits at age 50, and protect a disabled child beneficiary beyond age 18. These reflect principles which I have uncompromisingly held to be cardinal to the solution of the social-security problem.

I was impressed, too, by the overwhelming approval given to H. R. 7225 in the House of Representatives. The 10-to-1 vote suggested two things: First, that Congress endorses the general principles for which my organization has stood for so many years; and second, that a much better bill probably could have passed the House.

The bill, I think, is fine as far as it goes. But it doesn't go far enough. Coverage should be completely universal. The retirement age should be reduced to 60 for both men and women. And since a man or woman can become disabled at any age, insurance against this hazard should begin at age 18 and continue throughout life.

I have asked my colleagues to carry the burden of our argument today. I especially commend to your attention the statement and the studies prepared by Mr. John Doyle Elliott, the economic consultant for our organization. Mr. Elliott will speak to you in just a few minutes. Distilled in his testimony is the complete story of H. R. 4471—what it is, how it would operate, what it would cost, how much it would provide in benefits. I will confine myself to a few brief statements of a general nature.

Before I explain what the Townsend plan is, permit me to point out what it is not. It is not a relief program; we are not concerned with palliatives. It is not, as some people seem to think, primarily a pension plan. And although its humanitarian aspects are obvious, it is not a so-called "do-good" scheme; we believe that by attending to the welfare of the Nation as a whole, individual welfare will become a less pressing problem.

Now a few words about what our proposal really is. H. R. 4471, introduced in the 84th Congress by Representative John A. Blatnik, of Minnesota, calls for a system of retirement benefits designed to put adequate purchasing power into the hands of people who for one reason or another are denied the opportunity to earn their own living in productive employment. These would include retired persons 60 years of age or older; the totally and permanently disabled; the totally blind; and widows with minor children to support.

H. R. 4471 proposes that these payments be made in equal amounts to all beneficiaries, that they be paid as a matter of right, with no means test or other charity-type restriction, that the revenue be raised by a modest tax on gross receipts, and that the program be administered by the Federal Government, without State participation.

The philosophy underlying H. R. 4471 is that it is not enough to dispense mere pittances to these people, as is the case under the social-

security program. We propose that recipients be made useful members of their communities, not just because they deserve liberal treatment by virtue of being Americans, but because it is to the interest of the economy and the country. Under H. R. 4471 retirees would receive about $137 a month each to start with—not enough for a life of luxury, but enough to assure small comforts and personal dignity, and considerably more than is available under the social-security program.

We face a clear choice, gentlemen: We can go on paying pittances to those millions who cannot earn their own keep, thus perpetuating poverty among tremendous groups of citizens. Or we can pay them $137 or so a month and let them spend it with their local merchants, thus bolstering retail business at the corner store and self-respect at home. In other words, we can keep right on patching up the old social-security program and by doing so confess that all we really want is to keep the aged and the crippled from the brink of actual hunger. Or we can adopt a system of genuine retirement insurance as an integral part of our whole economy and thus embrace the principle that retired people should be useful people, and not wards of a benevolent government.

When I say a retirement program should be integrated into the economy, I mean that its benefits should bear a realistic relationship to real living costs. That is why H. R. 4471 proposes that pensions fluctuate, rising in times of brisk business activity and high prices, dropping somewhat if business is slow and prices down. I have always thought it odd that while Congress would never dream of establishing a Federal income-tax rate to take effect 10 years hence, or determine military budgets and manpower requirements for years far in the future, it blithely specifies pension payments that will go to people who won't retire until 1960, or 1965, or even later—even though neither Congress nor anyone else has the slightest notion what a dollar will be worth then. Wouldn't it be better to adopt a system under which payments would match living costs year-by-year? We think so. That's why we have incorporated the principle in H. R. 4471.

It is encouraging to see that this principle already has been endorsed by the present administration, which proposes variable pensions for civil-service workers. As pay-rates rise, pensions would increase. If this is good for retired Government workers, why is it not right for all retired workers?

There is, of course, much more to what we propose than this. That is why I refer you to the comprehensive study prepared by Mr. Elliott.

Our purpose in coming here today is to urge you to do two things: First, to recommend that Congress repeal titles I and II of the social-security law—the titles dealing with old-age assistance and old-age and survivors insurance. And secondly, to recommend that Congress enact H. R. 4471 to replace these titles.

Our studies have convinced us that H. R. 4471 contains the formula for a better tomorrow for our senior citizens, the disabled, and the others who through no fault of their own can no longer earn their own living.

But it will do much more. It will go far toward the eradication of that greatest of all diseases which plague mankind—poverty. There

is a great deal of poverty in the United States today, gentlemen. I need mention only the 2,500,000 people who rely on old-age assistance, which even today—20 years after the inception of the social-security program—averages less than $53 a month. These people obviously are not getting enough to eat, enough to wear, adequate housing, proper medical and dental care.

Poverty of this nature is costing us heavily in the form of human suffering, crime, and destroyed buying power. An indirect cost is the loss of employment opportunities for younger people. No industry can afford to hire workers to produce goods that cannot be sold. And there are millions of old and disabled people who today cannot buy the goods that could be produced and sold if they only had sufficient buying power.

I am sure I need not labor the point that poverty breeds meanness, discontent, and war. And it is so completely unnecessary. We have it within our power to abolish poverty in this country, and for all time. This Congress can do it. And what a magnificent monument to the 84th Congress that achievement would be!

The CHAIRMAN. Thank you, Dr. Townsend.

Mr. Elliott, we will hear you as the next witness.

STATEMENT OF JOHN DOYLE ELLIOTT, ECONOMIC CONSULTANT, TOWNSEND PLAN FOR NATIONAL INSURANCE

Mr. ELLIOTT. Mr. Chairman, my task is to present as briefly as possible the statistical analysis of the legislation we advocate. My statement is designed to show how many citizens would receive benefits, how large the benefits would be, where the money would come from, how much it would cost to administer the program and so forth.

Obviously an assignment of this magnitude cannot be condensed into the time allotted me for oral testimony. Therefore, I am submitting, for the record, a memorandum which I believe covers the entire subject comprehensively. With your permission I shall devote my oral statement to a summary of the highlights of the memorandum.

Any discussion of the Townsend plan, or, for that matter, any other proposal involving retirement benefits, must begin with a look at the present old-age and survivors program, since that is the program we hope to change. The amendment under discussion today, H. R. 7225 is, of course, a social-security bill drawn in the tradition of the original Social Security Act. That is to say that H. R. 7225 is not intended to alter the character of the current program; rather, it is designed to perpetuate it. In a strong sense, it confesses the inadequacy and inflexibility of the present system.

We, of the Townsend organization are earnestly convinced that this is not a policy that will solve the problem of social security.

On this count, let me call your attention to these facts, found in a survey on consumer income-distribution prepared by the Bureau of the Census, table No. 3, series P–60, No. 19, October 1955.

This report shows that in 1954 the total money-income of all persons 25 through 64 years of age figures out to an average of $203 per month per person—$2,435 annually. By contrast, the average for persons 65 years of age and over, was $1,283 in 1954, which was $107 monthly. The average for men 65 and over, was $1,970 or $164 monthly. The average for women 65 and over, was $685 in 1954 or $57 monthly. On

top of this, the same report shows that some 25 percent of those 65 and over had no money-income from any source whatsoever. The only possible conclusion is that the aged, as a group, occupy a place of severe economic inferiority in our society.

If this situation were showing a marked tendency to improve as a result of the present social-security system, there might be some room for complacency. Unhappily, the opposite is the case: The income position of the elderly is actually deteriorating. On this point, I refer you to an article by Jacob Fisher of the Division of Research and Statistics of the Social Security Administration, published in the February 1954 issue of the Social Security Bulletin, entitled "Postwar Changes in the Income Position of the Aged." This article shows that from 1947 to 1952 the income position of the aged declined as compared to the adult population in general.

While the total share of personal income received by the aged increased from 7 percent in 1947 to 8 percent in 1952, the aged population grew by 17 percent. Over the same period, however, the total population aged 14 and over increased by only 5 percent. Thus the aged actually slipped.

Analysis of the Census Bureau's reports on their surveys of the distribution of income among persons aged 14 and over in the United States in 1953 and 1954 shows that persons aged 65 and over received the following percentages of all money income received by persons aged 14 and over: in 1953, 7.3 percent and in 1954, 7.7 percent.

Of course the aged part of the population continued to increase as a proportionate part of the total population.

These facts become arresting when we recall that in 1950 Congress increased OASI benefits by 70 percent and 12 percent in 1954; that over that same period the field of private pension systems increased dramatically; that in the same period practically every significant social-security system was liberalized. We must, therefore, conclude that all the social-security system was liberalized. We must, therefore, conclude that all the social-security action taken since 1947 failed to better the position of the aged. The elderly, despite amendments intended to aid them, have fallen even farther behind the general population in terms of income and living standards. In the light of these considerations, we cannot regard the proposals of H. R. 7225 as of significant value. The best this proposal can do is to postpone, for a brief period, the downhill slide of our senior citizens. The OASI has sometimes been called the cornerstone to security for the aged. The statistical evidence shows it is no such thing. Indeed, by blocking a realistic approach to the problem of income for the aged, it might better be described as a cornerstone to perpetuated poverty.

A new solution is clearly indicated. We believe we have it in H. R. 4471 known more familiarly as the Townsend plan bill. We submit that it will wipe out the inferior economic status of American citizens reaching old age; that it will abolish such individual poverty; and that in doing these things it will at the same time nourish the economic health of the Nation by increasing purchasing power.

As I have said, the attached memorandum covers in detail the mechanics of how these things would actually be accomplished. In the time remaining to me, let me emphasize what we consider to be the highpoints of this program.

First and foremost, the Townsend plan would bridge the income chasm between the aged and the rest of the population. In 1954, benefits to the aged under OASI and OAA, both of which the Townsend plan would replace, averaged about $446 million a month. The total income of those 65 and over, including these benefits and the benefits of all other programs both public and private, averaged about $1.457 billion a month in 1954. If those 65 and over, as a group, had enjoyed overall equality with the general adult population, 25 through 64, they would have needed $2.765 billion a month in 1954. Therefore, the Townsend plan would have been required to produce at least $1.308 billion monthly of additional income for those 65 and over in 1954, in order to have overcome the economic inferiority of these aged.

The Townsend plan would do what the Social Security Act has failed to do; it would fill the gap. This is how it would be done:

As to coverage, H. R. 4471 would pay benefits, in equal amounts, to all retired persons at age 60; to the permanently disabled 18 to 60; to widows with dependent children under 18. In 1954, benefits would have gone to about 15.5 million aged persons, 2.2 million disabled persons, and 1.128 million widows. The memorandum explains how these estimates were reached.

As to benefits, in 1954 these people would have received an average monthly benefit of about $137.

Regarding financing, H. R. 4471 would be supported by a 2-percent tax levied on the gross income or gross receipts of all business and industry, and on the gross income of all individuals in excess of $250 a month, or $3,000 a year. This tax would, of course, replace the present social-security tax on payrolls. The revenue from this tax would have been distributed on a pro rata basis to all annuitants after the cost of administration. There are, of course, certain areas of finance which would be exempt from the tax, and this rather involved problem is discussed thoroughly in my memorandum.

The administrative costs: We estimate in 1954 it would have cost a total of $126 million or $10.5 million monthly, to administer the Townsend plan. This compares to $217 million, over $18 million monthly, for present programs accomplishing very much less, as of 1954. Again I refer you to the memorandum for analysis of this feature.

Our detailed studies have shown us that out of the average monthly revenue total the Townsend program would have produced, as of 1954, $10.5 million monthly would have gone for administrative costs; about one-fourth of the beneficiaries, between ages 60 and 65, would have taken an average of $524 million monthly; $456 million monthly would have gone in benefits to disabled citizens and to widows with dependent children. These sums would have totaled $1 billion monthly. The balance of the monthly revenue would have gone to the group 65 and over, about $1.596 billion. Let us see just what difference it would have made in their income position.

Here is the picture: Our analytical studies have shown us that the average monthly revenue yield of the tax proposed in H. R. 4471, at the rate of 2 percent, would have been about $2.596 billion. Sub-

tracting the above figure of $1 billion monthly which would not have been available to those 65 and over, there would have remained $1.596 billion monthly to be distributed among that group.

We saw, in the foregoing analysis of the Census Bureau's data, that the elderly fell $1,308 billion monthly short of the general adult income position. Therefore, the Townsend program would have abolished the income lack of these elderly; and there would have been an apparent surplus of $288 million monthly over this requirement. However, as the appended memorandum explains fully, all estimates on our part are maximum in order that enactment of the program would not produce results exceeding expectations. The probability is that this apparent surplus would not materialize at all.

As of the actual statistical and economic levels of 1954, therefore, the Townsend plan, had it been in operation, would have done these specific things:

One, instead of about 25 percent of those aged 65 and over having no money income, no aged citizen would have lived on less than the Townsend plan benefit—close to $137 monthly—as compared to the per capita income of that year, for all persons of all ages, of $148 monthly.

Two, as a total group, they would have been raised to the same overall income position as the adult population in general.

The social security problem would have been abolished, for all practical purposes.

Another very important feature of the Townsend program is that the real value of benefits would not deteriorate. Changes of any nature in the economy would be directly reflected in the revenue yield of the proposed tax. Benefit amounts are directly dictated by the actual revenue yield. Therefore, the relationship between the general adult standards at any time and the degree by which this program would supplement the incomes of the aged would be constant. The fixed income problem would be abridged.

The Townsend bill goes much further into the social security problem than eliminating the income lack of the group 65 and over. In this bill, it is recognized that this group's severe lack of income is conclusive evidence that the problem exists for very many people long before they reach 65. Therefore, it provides for citizens having the right to retire after reaching the age of 60 years. Surveys on income distribution do not deal with the group between 60 and 65, they being lumped into a major group aged 55 through 64. The bill also provides benefits for disabled citizens. While the income status of such persons as a particular group is not defined in available data, it is obvious that disabled persons contend with the same severe, economic problem as the aged.

Another group, widows with dependent children, is provided for under H. R. 4471. This group is made up of families who have lost their fathers. The economic plight of citizens finding themselves in this position and faced with family responsibilities is severe. This bill would supply to these widows the same benefit as for old age and disability, as a substitute for the lost breadwinner, so long as there remain any children under 18.

Old age, disability, and loss of parent are the great economic areas that a successful social-security program should provide for. Such conditions destroy the buying power of these people. Some 16 to 19 million Americans, at the present time, are to be found in these conditions without the means for a sufficient living standard. The progressive growth of the elderly part of the population dictates that their proportionate total must increase, not decrease. They are a constantly increasing loss to our entire economy. Apart from their own hardships, they represent virtually no market for the products of business and labor. At the same time, we are plagued by the mounting problem of recurring surpluses and consequent unemployment with its lessening, in turn, of total purchasing power in our economy.

The Townsend bill, H. R. 4471, apart from solving the serious social-security problem of the American people, would place this great host of deprived Americans in a position to represent opportunity, a buying market for every conceivable type of production.

Gentlemen, nothing we do is going to solve this basic economic problem of our free-enterprise system if we do not get this ever-growing weight of destroyed purchasing power off of our backs. Its constantly increasing force will bring to final naught the other fine works of this great Nation, which could, but for this one thing, work such great good.

In recent times particularly, we have heard much about the need for bolstering purchasing power. We have heard even more about surpluses of production. The uplifting of these people to the American standard of living, provided for in H. R. 4471, is the central purpose of this legislation; strengthening purchasing power to absorb surpluses.

In view of the authentic statistics now available regarding the income position of our aged and other deprived elements; in view of the results of our careful studies, contained with complete references in the attached memorandum of analysis, showing that H. R. 4471 would correct this situation; in view of the meaning of this problem not only to the elderly but to all persons and to our general economic prosperity, the whole matter is simply one of decision, now. The present system of social security is not calculated to do this. In fact, its proponents had no such thought in mind that might have resulted in a program to do this great thing. The decision is simply whether it would be good to do this. If so, H. R. 4471 embodies the principles and the ways and means for doing it. If it is not to be done that decision will mean that for most Americans poverty will continue to be their final reward in life.

The American people want this social-security problem solved in the complete sense. We herewith present to you the concrete and authentic evidence that it can be so solved; and solved with dispatch.

(The chart entitled "All money income of the aged and other age groups, 1954," is as follows:)

All money income of the aged and other age groups, 1954

	Aged 14 and over		Aged 25 through 64		Aged 65 and over	
Persons in age groups:		*Percent*		*Percent*		*Percent*
Men	55,114,000		38,412,000		6,344,000	
Women	59,684,000		40,468,000		7,228,000	
Total men and women	114,798,000		78,880,000		13,632,000	
Persons receiving income:						
Men	49,712,000	[1] 90	37,538,000	[1] 98	5,859,000	[1] 91
Women	27,715,000	46	17,949,000	44	4,531,000	63
Total men and women	77,427,000	67	55,487,000	70	10,390,000	76
Persons having income under $1,500:						
Men	12,278,964	[2] 25	5,264,065	[2] 14	3,288,309	[2] 54
Women	15,880,696	57	8,756,645	49	3,737,916	82
Total men and women	28,159,659	36	14,020,710	25	6,966,225	67
Persons having $1,500 to $1,999:						
Men	3,231,280	[2] 6	2,029,993	[2] 5	568,323	[2] 10
Women	2,826,930	10	2,080,634	12	240,143	5
Total men and women	6,058,210	8	4,110,627	7	808,466	8
Average income of total age groups:						
Men	$3,290		$4,143		$1,970	
Women	780		814		685	
Men and women	1,985		2,435		1,283	
Average income of those in age groups who receive income:						
Men	3,648		4,239		2,133	
Women	1,680		1,835		1,102	
Men and women	2,943		3,462		1,683	
Median income of those who receive income in age groups:						
Men	3,199		3,779		1,268	
Women	1,161		1,531		634	
Men and women	2,240		3,035		901	

[1] Percent of total population of group, to nearest 1 percent.
[2] Percent of those receiving income in the group, to nearest 1 percent.

NOTE.—Median income means the income level which divides a group of persons with income equally, with 50 percent of the group above and 50 percent below the median. There is a difference in the average income and the median income of the 14 and over group of over $700; a difference of over $400 for the 25 through 64 group; and nearly $800 for the group 65 and over. It means that the average incomes of the groups and the incomes of the average members of the groups (median incomes) are very different.

Source: Analysis of table No. 3, Consumer Income, Current Population Reports, Bureau of the Census, Department of Agriculture, Series P–60, No. 19, October 1955.

Mr. ELLIOTT. Mr. Chairman, with reference to this breakdown from the Census Bureau tabulation of income in 1954 and the distribution of that income, that appears under 3 heads: population aged 14 and over; population aged 25 through 64; population aged 65 and over. It is broken down in terms of the number of persons in each group, broken down as men and women and the total; the persons receiving income in each age group; the persons having income under $1,500 and between $1,500 and $2,000; the average income of the total groups, that is, per capita income for those groups as it existed in money income in 1954; and the average in those groups of those actually receiving income; and the median income of those who receive income in each of the age groups.

I would like, in closing, Mr. Chairman, to point out that there is a vast discrepancy between the so-called averages and the median. The distinction is this: the average income is simply the total of in-

come of a group divided by the number of people in the group. The median may best be stated, I think, to represent the income position of the average member of the group. And as pointed out in the footnote on the chart, between the average income and the median income of the group, 14 and over, that is the total population of 14 and over, the discrepancy between the average and the median is about $700 a year. A difference of over $400 exists for the 25 through 64 group and the difference is nearly $800 for the group 65 and over.

What it means is that among the aged, the middle groups, the standard groups are thin and the lower groups, the under $1,500, under $1,000, under $500, are very heavily weighted among the aged.

Mr. Chairman and gentlemen, thank you.

The CHAIRMAN. Thank you, Mr. Elliott.

I assume you want your memorandum inserted in the record.

Mr. ELLIOTT. It has been submitted, sir, and here is a copy.

The CHAIRMAN. Without objection it will be inserted.

(The memorandum referred to is as follows:)

EXPLANATION OF ESTIMATES OF MONTHLY BENEFITS AVAILABLE UNDER H. R. 4471 AND DESCRIPTION OF DATA ON WHICH ESTIMATES ARE BASED

H. R. 4471 (the Townsend plan bill) proposes that its benefits be financed by a tax on the gross receipts (gross income) of all persons or companies derived from any and all sources, except in personal incomes there shall be an exemption up to $250 per month. Because this tax base is so extremely broad, it would permit a low tax rate and, at the same time, a revenue yield high enough to carry out the purposes of the bill. This yield would closely reflect the status of the Nation's economy at any given time, automatically compensating for variations in the cost of living.

It would be a simple matter to add up the gross receipts of all persons and companies—if such data were available. Most existing reports, however, deal with net rather than gross receipts, and those reports that do exist concerning gross receipts (gross income) tend to be rather fragmentary. For example, while the Census Bureau's latest Census of Business covers retail, wholesale, and service businesses in the United States, it does not include all businesses; and there are gaps and overlaps in data. Thus, these reports in themselves would provide only a minimum estimate of the proposed tax base.

Therefore, we must look elsewhere. Fortunately, data do exist from which a maximum estimate of the tax base can be reached. Enactment of H. R. 4471 on the strength of the maximum estimate would insure that the benefits would not exceed the amounts calculated herein.

This study is, therefore, based on the maximum approach for determining the tax base.

DATA ON WHICH BENEFITS UNDER H. R. 4471 CAN BE CALCULATED

Total business volume

For the purposes of this study, the Nation's volume of business is computed from two sets of statistics:

1. There is the monthly report of "Debits to deposit accounts," prepared by the Federal Reserve Board. This figure is the total movement of money in the country as represented by so-called checkbook money. It is the total of payments made by individuals and companies as reflected by debits to the bank accounts they maintain. While not all of these payments represent compensation for personal services, or proceeds from the sale of tangible or intangible property (the tax base proposed in H. R. 4471), most debits are of this nature. When people write checks they usually do so in order to make a payment of some sort. The exceptions are, in an important degree, the subject of the following sections of this study.

2. There is the monthly Federal Reserve Bulletin report showing the amount of United States currency in circulation (that is, outside the Federal Reserve banks and the U. S. Treasury) as of the last day of each month. We do not know exactly how much business is transacted exclusively on a currency-payment basis,

but the amount is obviously substantial. However our studies, based on previous extensive studies by Dr. John Donaldson of George Washington Universtiy, indicate that five times the amount of currency in circulation is a fair judgment of business done with cash annually. Today, total annual business volume exceeds $1.5 trillion. Five times the amount of currency in circulation (presently about $30 billion) would make the currency-paid business volume about $150 billion, or less than 10 percent of the total.

If we multiplied by 6 instead of 5 the total would be increased by ⅙ of 10 percent, or 2 percent. This in turn, would increase the tax-yield estimate by 2 percent. For the purpose of this study, we have adopted the estimate of five times the amount of currency in circulation per year (five-twelfths per month), plus the total of debits to deposit accounts as representing the total business volume.

The tax base

H. R. 4471 does not propose to use either business turnover or total transactions as a tax base. It proposes a tax on gross receipts (gross income) received as compensation for personal services, or derived from any business or the sale of tangible or intangible property. As a result, the tax base under H. R. 4471 would be considerably smaller than the theoretical figure for total business turnover.

Following is a study of the deductions from the total business volume that are essential to arrive at an estimate of the yield under the proposed tax.

It is important to bear in mind that the object of this study is to estimate the tax base on the basis of the maximum approach.

DEDUCTIONS FROM TOTAL BUSINESS VOLUME

I. *Taxes*

(*a*) Federal revenue would not, of course, be subject to the tax under H. R. 4471. While gross receipts of the Federal Government vary widely from month to month, the average was $5.29 billion a month in 1954. (See Survey of Current Business, Department of Commerce, July 1955.) Since the defense program implies a continued high level of spending, it is reasonable to expect that the $5.29 billion a month rate will fairly represent this item for 1955. This $5.29 billion must be deducted from the gross business base to arrive at the tax base under H. R. 4471.

(*b*) State and local revenue: There are so many tax-collecting agencies in this category that up-to-date monthly reports are not available. However, annual data are given in the July 1955 Survey of Current Business showing State and local government receipts in 1954 totaling $27.265 billion; an average of $2.27 billion a month. There is no reason to expect a lower figure for 1955.

Thus, Federal, State, and local governments' revenues averaged $7.56 billion a month in 1954.

Deductible item: $7.56 billion monthly.

II. *Exemptions*

Section 201 of H. R. 4471 provides that the tax shall apply to the gross receipts of all persons and companies, except that the first $250 monthly of personal income shall be exempt. The value of this exemption would have totaled at least $12.637 billion a month in 1954. This estimate comes from an analysis of the Census Bureau's latest data on consumer income distribution (Current Population Reports, Series P–60, No. 19, table 3, released October 1955) covering consumer income distribution in 1954.

Analysis of these surveys covering the years 1947 through 1954 shows that the value of this tax exemption on personal incomes is rising year by year. For example, it was $12.45 billion monthly in 1952, it was $11.5 billion in 1951, less than $11 billion in 1950 and about $8 billion in 1948. These surveys deal with money income only. The figure of $12.637 billion is adopted for the purposes of this study, since we are interested in producing a maximum estimate of the tax base.

Deductible item: $12.637 billion monthly.

NOTE.—The proposed gross income tax rate is 2 percent. If personal income exemptions were not permitted, the rate of 1.8 percent would yield sufficient revenue to pay the same benefits envisioned with a 2 percent tax including exemptions. With the lower rate and no exemptions, more revenue would be collected in the form of direct taxes and a little less in the form of indirect, or price-included taxes.

III. *Shrinkages*

As used in this study, the term "shrinkage" applies only to a lessening in the dollar volume of business turnover. It does not refer to shrinkage in the actual production or distribution of goods or services.

Business, obviously, must accommodate to any new system of taxation. Thus, under the tax proposed in H. R. 4471, more producers would enter into agency contracts with their dealers instead of selling outright title to their products. In such cases the values of agents' commissions would become the measure of their gross receipts instead of the total prices charged their customers. To approach the true base of the proposed tax, such shrinkage must be regarded as a deductible item.

Economists Dr. John Donaldson, of George Washington University, in 1943 and 1944 and Dr. Harry Moorehouse, of the University of Georgia, in 1946, concluded that shrinkages due to business accommodation to the proposed tax would have amounted to about $40 billion annually in 1942 and 1943. Projecting this estimate to the business levels of 1954 and those indicated for 1955, this item becomes at least $100 billion annually. In this study, therefore, a monthly figure of $8.3 billion is adopted.

(It must be kept in mind that shrinkage represents an intangible item, especially in view of the fact that there has never been a tax on national gross receipts.)

Although shrinkage is represented in this study as a factor, it is not absolutely certain that the operation of this tax would occasion these lessenings of business volume. However, shrinkages are probable and their possible effects must be considered.

If we ignored shrinkage entirely, the maximum nature of the resulting estimate of the tax base would be beyond challenge. With total business volume running over $1.5 trillion a year, the $100 billion annual figure representing shrinkage would be about one-fifteenth of the total, or 6.7 percent. This would still leave the final estimate of individual benefits above but close to the level of so-called per capita income, which is the benefit goal the Townsend plan aims for. The inclusion of the $100 billion annual deduction ($8.3 billion monthly) results in the final figure falling a little short of per capita income.

Deductible item: $8.3 billion monthly.

IV. *Loans, investment, capital, and transfers*

Under H. R. 4471 the principal of loans and the repayment of the principal, capital invested, and recovery of the invested principal would not be subject to taxation. Interest, dividends and capital gains would be. So-called flow statistics on the total dollar volume of loans made and repaid are not available; most reports deal mainly with the amounts of loans outstanding. Statistics on the amount of new capital invested through securities are available. There are no reports which make it possible to measure the dollar volume of simple transfers of funds by depositors from one account to another as a matter of business convenience. Appendix A of this study includes sufficient flow data to show that the minimum allowance we can reasonably make to represent these factors is $14 billion monthly.

Deductible item: $14 billion monthly.

V. *Miscellaneous*

There are numerous other receipts that would not be taxable under H. R. 4471, but they are not so reported that they can be segregated and measured. For example, sums paid as insurance claims and the receipts of nonprofit organizations and trust funds would be exempt. In 1954 employers alone contributed $5.072 billion to private pension and welfare funds, to say nothing of unreported contributions by employees (Survey of Current Business, July 1955, table 34). These additional items indicate even more forcibly the maximum nature of the estimates in this study.

All things considered, it appears clear that under the tax proposed in H. R. 4471 the net tax base would be at least $40 billion a month less than the total business volume (debits to deposit accounts plus five-twelfths the sum of currency in circulation).

Total of deductible items: $40 billion monthly.

Conclusion

For the purpose of measuring the month-by-month performance of the program advocated by H. R. 4471, for the year 1954, this study will employe the figure of $40 billion to represent the monthly total of deductible items. This figure assures that the resulting estimates will be maximum.

By deducting $40 billion from the monthly total of debits to deposit accounts plus five-twelfths the amount of currency in circulation, we arrive at the net tax base for each calendar month.

A 2 percent tax rate applied to the net tax base would provide the estimate of the monthly tax yield. Administrative costs would then have to be deducted; and the remainder would be the amount available for distribution to beneficiaries.

ADMINISTRATIVE COSTS

In the fiscal year 1954 to 1955 it cost at the rate of $217 million annually to administer the present social-security programs of old-age and survivors insurance, old-age assistance, aid to the blind, and aid to the totally and permanently disabled, according to the Social Security Administration. It is estimated that the annual cost of administering the program proposed in H. R. 4471 would be about $126 million. This estimate becomes all the more significant when it is realized that H. R. 4471 would provide nearly three times as high a benefit level for about twice as many beneficiaries as the present programs do. Administration of H. R. 4471 would cost only about 0.4 of 1 percent of the tax yield it provides for.

H. R. 4471 proposes the simplest possible program to administer. There would be no complex processing of wage and employment records. There would be no need of special personnel to determine the amounts of individual benefits, since all recipients would receive equal payments. Beneficiaries would be required only to show proof of citizenship, age, retirement from gainful occupation, or widowhood and responsibility for the care of one or more minor children, or disability, as the case might be.

In view of these considerations it seems clear that the cost of administering old-age and widows' benefits under H. R. 4471 would not cost more than one-third the present cost of administering OASI, administration of OASI, as of fiscal 1954–55, cost $103 million. We estimate the cost of administering old-age and widows' benefits under H. R. 4471 at $34 million annually.

As will be shown later, there would be between 2 and 2.4 million disabled recipients under the Townsend program. This is comparable to the number now receiving old-age assistance benefits.

The cost of administering the disability provisions under H. R. 4471 cannot realistically be compared to the cost of administering aid to the totally and permanently disabled under the social-security program. There are vast differences between the two systems from the point of view of administrative costs.

A disabled person would receive exactly the same benefit as every other beneficiary under the Townsend bill. This would be a direct, Federal payment with no State or local funds involved in anyway, as is the case under social security.

For practical purposes, the whole question of the cost of administering the disability provisions of H. R. 4471 (which automatically would eliminate separate consideration of the blind) rests upon determination of the existence of disablity.

Then too, the complexities of means tests and similar restrictions and requirements are eliminated under the Townsend bill. In the present programs of public assistance costly investigation of the resources of applicants is required. Its absence under the Townsend bill invalidates any comparison with the cost of administering the present program of aid to the disabled.

The present program of aid to the blind also involves administration of Federal, State and local funds, plus the costs of investigating the resources of each beneficiary and periodic verification.

For the purposes of this study we have assumed the administrative costs of old-age assistance to be the approximate administrative costs of the disability provisions of H. R. 4471.

First, the number of beneficiaries under old-age assistance is comparable to, although probably a little larger than, the number of disabled beneficiaries reasonably to be expected under H. R. 4471.

Second, while the determination of disability would be required under H. R. 4471, determination of the resources or need of recipients would not. It is conceded that in some cases the determination of disability is more involved and costly than investigation of an individual's resources; but it is equally true that many cases of disability are obvious, while "need" must be certified in every old-age assistance case. Thus, determining disability under the Townsend bill and determining need under old-age assistance must be deemed to be comparable.

Then there is the fact that old-age assistance requires administration of Federal, State, and local funds, while the Townsend bill would require only the identical, direct, Federal payment of the same benefit to each beneficiary each month. There is also the fact that old-age assistance requires, as the result of varying degrees of need, varying rates of payment to individuals. Even the need of the individual varies from time to time.

When all these factors are considered, it appears perfectly reasonable to use the cost of administering old-age assistance as an estimate of the cost of administering the disability provisions of H. R. 4471.

Adding the cost of administering old-age assistance in 1954 ($92,626,000) to the $34 million it would cost to administer old-age and widows' benefits under H. R. 4471, we arrive at a total of $126 million as the annual cost of administering the program we propose.

Sources: Social Security Bulletin, September 1955; see page 18, table 5 for administrative costs of OASI; see pages 75 and 76, tables 64 and 65, for administrative costs of public-assistance programs.

ESTIMATES OF NUMBER OF BENEFICIARIES

Although Census Bureau studies of income distribution do not classify the population by age in terms of 5-year groups, the reports do deal with such broad classifications as persons 55 to 64 and those 65 and older. There are no intermediate statistics, for example, on income distribution among people who are 55 to 59, or 60 to 64. Thus, it is difficult to assess the income levels of the group over 60 but not yet 65.

Census reports show there are over 20 million persons 60 years of age or older in the United States. In times of high employment many people, of course, would not elect to retire in the earlier years of their eligibility in view of opportunities to continue in gainful occupations providing them with much better incomes. This would be particularly true of men. For the purpose of this study 15.5 millon (over 60 years of age) are estimated to be the number of aged beneficiaries under H. R. 4471 as of 1954.

Analysis of tables No. 4 and 5 on pages 12 and 13 of Current Population Reports, Population Characteristics, Household and Family Characteristics: April 1953, Series P–20, No. 53, April 11, 1954, shows:

1. There are 1,526,000 families having female heads with children of their own under 18 years of age (table No. 4).

2. There are 1,098,000 families having heads (of either sex) aged 55 through 64 with children of their own under 18:

(*a*) There are 978,000 families with husband and wife both living with heads aged 55 through 64 with children of their own under 18;

(*b*) Therefore, there are 120,000 single-parent families with heads 55 through 64 with their own children under 18.

H. R. 4471 would grant widows with dependent children benefits up to the widow's age of 60. At that point the widow would become eligible for benefits by reason of age. The number of widows past 60 with dependent minor children must be subtracted from the total figure revealed by table No. 4, namely, 1,526,000. Such persons would receive the benefit by reason of retirement age instead of by reason of widowhood and dependent children.

As noted, there are 120,000 single-parent families (with heads of both sexes), aged 55 to 64, having their own children under 18. The data does not distinguish between sexes. However, we know that more women than men are left with children.

We have made the arbitrary assumption that 60 percent of the 120,000 are women and 40 percent are men; 60 percent of 120,000 is 72,000.

Since the likelihood of childbearing declines as age advances, we can reasonably assume that only about 30 percent of the women aged 55 through 64 having children of their own under 18 are over 60; 30 percent of 72,000 is 21,600. These 21,600, therefore, should be subtracted from the 1,526,000 families having female heads (all ages) with children of their own under 18. This leaves 1,504,000.

Table No. 5 also shows that there are 232,000 families having heads (both sexes) aged 65 and over and having children of their own under 18; that there are 192,000 husband-wife families among the 232,000; and, therefore, that there are about 40,000 single-parent families among them.

Assuming that 60 percent of these are women parents and 40 percent are men, we have 24,000 women aged 65 and over who are heads of single-parent families having children of their own under 18.

These women would be eligible for the benefit under H. R. 4471 by virtue of attained age rather than because of widowhood. Therefore, 24,000 should be subtracted from the 1,504,000, leaving 1,480,000 under age 60 who would be eligible to qualify for benefits under H. R. 4471 as women family heads with children of their own under 18.

Obviously, many of these women would not elect to receive the benefit under H. R. 4471, because of being gainfully employed at good salaries. Therefore, for the purposes of this study, we have assumed that 25 percent of the 1,480,000 women would not qualify. This leaves us with a final figure of 1,110,000 women to be expected as probable beneficiaries under H. R. 4471, by virtue of being heads of families and having children of their own under 18.

Although specific data on the disabled are not available, the Annual Report of the Federal Security Agency, 1952, on page 30, states, "It is estimated that, among our civilian population of working age, approximately 2 million people have total disabilities that have lasted more than 6 months. (This figure takes no account of the large number of disabled people among the 1.2 million inmates of institutions of various kinds.) Among those aged 55 to 64, probably every 16th person is totally disabled."

It is possible under H. R. 4471 that citizens between 18 and 60 who do not now record themselves as disabled might be encouraged to do so. Therefore, an estimate of between 2 and 2.4 million persons seems reasonably to indicate the number of disabled beneficiaries to be expected under the program. Thus, there would be a total of 18.8 million beneficiaries under H. R. 4471.

A variation of 1 million recipients, one way or another, would be reflected in a gain or loss of between 5 and 6 percent in the amount of individual benefits.

Calculation of benefits.—The following calculation of benefits is based on the foregoing analyses. The estimated monthly revenue yield from the 2-percent gross-income tax proposed in H. R. 4471 is prorated among 18.8 million persons, after payment of administrative costs. It should be kept in mind that these estimates reflect the maximum approach underlying this study.

PRELIMINARY ESTIMATES OF TOWNSEND PLAN BENEFITS IN 1952, 1953, AND 1954 BASED ON AVAILABLE DATA FOR GROSS INCOME AS DEFINED IN H. R. 4471 AND H. R. 4472 INTRODUCED IN THE 84TH CONGRESS

The following table shows the monthly yield and individual benefits from a 2-percent gross-income tax for the years 1952, 1953, and 1954. Figures for 1952 and 1953 are based on an estimate of 17,875,000 beneficiaries. Figures for 1954 assume 18,800,000 beneficiaries. Since it is impossible to determine exactly how many persons would retire, the dual set of figures is offered for purposes of comparison. The higher total for 1954 further emphasizes the maximum approach employed in this study.

	2 percent gross income tax yield (billions)			Monthly payments to individuals		
	1952	1953	1954	1952	1953	1954
January	$2.3070	$2.4672	$2.5355	$128.51	$137.48	$134.00
February	2.0973	2.1377	2.2877	116.78	119.00	121.00
March	2.3372	2.6182	2.8747	130.20	145.92	152.00
April	2 3200	2 4635	2.5430	129 24	137.27	134.00
May	2.2004	2.3931	2 4452	122 55	133.33	129.00
June	2.3371	2.6330	2.7194	130.20	146.75	144.00
July	2.2882	2.5136	2.5461	127.46	140.07	134 00
August	1.9881	2.2438	2.4795	110.67	124.98	131.00
September	2.2665	2.5003	2.4478	126.25	139.88	129.00
October	2.5568	2.5454	2.4971	142.49	141.85	132.00
November	2.1053	2.3766	2.5894	117.23	132.41	137.00
December	2.8564	2.9284	3.1806	159.25	163.28	168.00
Averages	2.3050	2.4851	2.5955	128.40	138.45	137.00

NOTE.—The above calculations are based upon the official business statistics published in the Federal Reserve Bulletin and upon data on population and income distribution published by the Bureau of the Census, U. S. Department of Commerce, and analysis thereof in terms of the provisions of the program proposed in H. R. 4471 and H. R. 4472.

The estimated monthly incomes to individuals are indicated above as being provided for by the business statistics for each calendar month. However, these payments would actually have become available to the beneficiaries of the program about 3 months later on the calendar, because of the administrative time necessary for the collection of funds and for the distribution thereof to the duly registered beneficiaries.

APPENDIX A

DATA RELATIVE TO AMOUNTS OF MONEY LOANED IN UNITED STATES

I. Value of new construction, January 1954 to December 1954:

	Millions		*Millions*
January	$2,444	September	$3,614
February	2,346	October	3,479
March	2,567	November	3,285
April	2,813	December	2,985
May	3,114		
June	3,364	Total	37,170
July	3,522	Divided by two	18,585
August	3,637		

Source: Survey of Current Business, March 1955.

There are no data on the volume of loans in the construction industry, as such. Therefore, conclusions are a matter of judgment. It is clearly an area of business of great magnitude which should be represented in this study. With no quarrel as to anyone else's opinion that it may be greater, or less, it is here assumed that in the course of the total business-procedure of the construction industry one-half of the total value of the construction represents money loaned.

II. New, nonfarm mortages recorded ($20,000 and under), estimated total January 1954 to December 1954:

	Millions		*Millions*
January	$1,372	August	$2,086
February	1,425	September	2,122
March	1,784	October	2,156
April	1,793	November	2,148
May	1,804	December	2,267
June	1,990		
July	2,027	Total	22,974

Source: Survey of Current Business, March 1955.

III. Under "Securities issued * * * New capital, total", the Survey of Current Business, March 1955, Department of Commerce, shows the following month-by-month data:

	Millions		*Millions*
January	$ 977	July	$1,053
February	758	August	605
March	1,167	September	1,311
April	1,346	October	1,424
May	1,342	November	687
June	1,754	December	1,569
		Total	13,993

IV. Consumer Installment Credit Extended January 1954 to December 1954:

	Millions		*Millions*
January	$2,306	July	$2,452
February	2,356	August	2,407
March	2,293	September	2,472
April	2,357	October	2,459
May	2,319	November	2,612
June	2,492	December	2,762
		Total	29,287

Source: Survey of Current Business, March 1955.

V. Summary:

Loans, in their effect as a part of the total volume of business transactions, are a two-way affair. In the sense of being part of the volume-flow of business, it must be kept in mind that loans are not only being made, but they are also being repaid. The same, long-run, overall thing is true of investments; not only are investments being made, but they are also being turned over, traded incessantly. As a general proposition, therefore, so far as the dollar-volume of total

business done is concerned, a fair approximation of the average weight of these two factors is double the amount of loans made, plus double the amount of new capital.

The tax proposed in H. R. 4471 would not levy on the principal of loans or the principal of sums invested, either when they are issued or when they are recovered. Interest, dividends and capital gains, of course, would be taxable gross income.

The sum of the foregoing tabulations of money being loaned and invested does not cover the true total by any means. These statistical references are, however, sufficient to indicate how very great these factors actually are in terms of being a part of total business volume which must be deducted in approaching the true tax base proposed in H. R. 4471.

These figures give the following total:

	1954
1. Loans in the construction business	$18, 585, 000, 000
2. New, nonfarm mortages	22, 974, 000, 000
3. Securities issued (new capital)	13, 993, 000, 000
4. Consumer installment loans made	29, 287, 000, 000
Total	84, 839, 000, 000

This total of over $84 billion represents loans made and new capital invested. As pointed out above, double this figure fairly represents the business-volume made up of these activities, namely, $169,678 million.

In view of the above considerations, the allowance of $14 billion monthly as a deduction stands as unquestionably conservative. This is particularly obvious when it is taken into account that this figure ($14 billion) also represents the weight of "transfers" of funds by depositors from one account to another for the purposes of business convenience or procedure.

Evaluation of validity of debits to deposit accounts compared to validity of money in circulation in terms of their respective percentage relationships to gross national product

[Billions of dollars]

	Money in circulation as percent of gross national product			Debits to deposit accounts as percent of gross national product		
1947	MIC	28.868	=12.3	GNP	233.264	=20.7
	GNP	233.264		DDA	1,125 074	
1948	MIC	28 234	=10.9	GNP	259 045	=20.7
	GNP	259.045		DDA	1, 249. 630	
1949	MIC	27 600	=10 7	GNP	258 229	=20.9
	GNP	259 229		DDA	1, 231 053	
1950	MIC	27 741	= 9.7	GNP	286. 826	=20 4
	GNP	286 826		DDA	1, 403 752	
1951	MIC	29 206	= 8.9	GNP	329 822	=20 9
	GNP	329 822		DDA	1, 577. 857	
1952	MIC	29 133	= 8 4	GNP	347 956	=20.6
	GNP	347 956		DDA	1, 692 136	
1953	MIC	30 781	= 8.4	GNP	364 500	=20.7
	GNP	364 500		DDA	1, 759. 069	
1954	MIC	29 993	= 8.3	GNP	360 500	=19.1
	GNP	360. 500		DDA	1, 887 366	

The above tabulation makes it clear that, in relation to the basic value of total business results, the amount of money in circulation (outside the United States Treasury and the Federal Reserve banks, in private hands) does not bear a fixed ratio. The above shows a consistent downward trend in the amount of money in circulation as compared to the gross national product.

On the other hand, debits to deposit accounts exhibit a strikingly firm ratio to gross national product. It is so solid a ratio, in fact, that it hardly requires any comment beyond pointing to it.

In view of this solid relationship between debits to deposit accounts and the gross national product, it is clear that sound estimates of the revenue-yielding potentialities of the gross income tax proposed in H. R. 4471 may be based upon debits to deposit accounts. While there are to be found included in the total of

debits to deposit accounts vast areas of business which would not be part of the base of the gross income tax, it is obvious that these debits do vary in terms of a solid relationship to actual economic results.

Therefore, at a given rate of levy, it is sound to estimate the revenue potentiality of such a tax on the basis of debits to deposit accounts as the main statistical base. It is, of course, to be borne constantly in mind that this constitutes an approach to the actual tax base from the maximum direction, as pointed out on the first page of the main body of the analysis. It is also clear that but a short period of experience with such a tax in operation would establish a practically exact ratio between the tax yield and actual economic standards. Therefore, social-security benefits based upon such a tax would maintain a reliable relationship with existing economic standards and conditions.

The CHAIRMAN. Do you desire to have anything to say, Mr. Townsend?

STATEMENT OF ROBERT C. TOWNSEND, TREASURER, TOWNSEND PLAN FOR NATIONAL INSURANCE

Mr. R. C. TOWNSEND. Mr. Chairman, members of the committee, for some reason which I never have been able to understand fully the social-security experts, both in and out of Congress, seem to be the victims of a mental stumbling block every time it is proposed to expand or otherwise improve the social-security law. The prevailing attitude seems to be: "Let's not be hasty. Let's proceed with the utmost caution."

Let me cite just three examples of what I mean.

During the years I have been associated with our organization I have had occasion to attend numerous conferences on the so-called problems of aging. The people who manage these seances are invariably preoccupied with something they call "exploration of the problem." The result is a long series of learned treatises on the psychological needs of old people, the rehabilitation of the aged, their integration into the community, their peculiar religious requirements, their mental health and their emotional stability. Even when they concede that the No. 1 problem of the aged is lack of adequate purchasing power they seldom, if ever, attack the issue with vigor and decision. Their byword is caution, which means that a practical solution is never forthcoming.

Let me give you another example. Not long ago the Kansas City Star, in a lead editorial—and I cite that only as one example of many—advised the Congress to move slowly in its consideration of the social-security amendments passed by the House and now in the hands of your committee. It said that there is no rush about the matter and that, therefore, an issue of such great import should be handled with slow deliberation.

And finally I refer you to the views of the present administration. As her last official act, the outgoing Secretary of Health, Education, and Welfare, Mrs. Oveta Culp Hobby, appeared before this committee last summer to urge extreme caution. She told you—and her views are shared by the present Secretary, Mr. Marion B. Folsom—that the only sound approach to social-security reform is one of slow and conservative action.

I find it extremely difficult, if not downright impossible, to understand these attitudes. The social-security law was passed 21 years ago and even before that there had been long and exhaustive studies. Are we to believe that two decades of study and experimentation have

taught us nothing, that we must begin all over again to find out what it is that the aged need and how best to give it to them? I cannot subscribe to such a preposterous thesis, gentlemen. I don't believe you can, either.

Let me make it clear that I mean no disrespect to the economists, the statisticians, the sociologists, and all the other social scientists who have devoted their lives to the problems of aging. Their work has been invaluable. But there comes a time when it is necessary to lay aside the textbooks and proceed to the business at hand. I submit that that time has come—is, indeed, long overdue. I have really only one point to make in my statement and this is it: I urge this committee to turn its back on the philosophy of overcaution and piecemeal legislation. I urge you to embrace a philosophy of bold and decisive action.

Surely the time for such an approach was never riper. The situation we have reached in respect to social security is this: The existing system, as our economic consultant, Mr. John Doyle Elliott has demonstrated, has failed to solve the income problems of the aged. In other words it has failed to accomplish precisely the thing it was designed to do.

Furthermore, the Department of Health, Education, and Welfare tells us that payrolls as a tax base are insufficient to support even a modest increase in benefits. I refer to the Department's report analyzing the costs of increasing OASI minimum benefits to $55, $60, or $75 a month. The Department says that in order to support a $75 minimum—taxes on payrolls would have to jump to 9½ percent. We must keep in mind that the Department's report was prepared without considering H. R. 7225, which calls for a 1 percent rise in the tax. The total tax required for a $75 minimum under H. R. 7225 would, therefore, be 10½ percent of payrolls. Nor does the report envision the conversion of OAA into OASI. If the 2½ million OAA recipients were included under OASI and offered a $75 minimum the total payroll tax would have to be in the neighborhood of 15 percent.

This prospect apparently frightens the Department of Health, Education, and Welfare, and well it might. Wage and salary earners certainly cannot be expected to view with enthusiasm a system which takes 15 cents, or even 10 cents out of each payroll dollar in order to assure a minimum monthly benefit of only $75. The Department therefore cautions you to abandon the notion of increased minimum benefits. It says, in effect, let sleeping dogs lie.

But caution born of fear solves no problems. The truth is the old people of this country need far more than $75 a month. They need closer to $125 or $150. And although so far as I know there are no statistics available to suggest what this would cost under the payroll-tax plan, it doesn't take much imagination to conclude the tariff would be unbearable.

Thus we have reached a critical stage which demands an immediate solution. Congress now is faced with these alternatives:

It can abandon all hope of giving the American people real security in old age—the kind that they want. In short, it can put another patch on the social-security system, giving the old people a few more dollars, and call it a day.

Or it can face up to the fact that the payroll tax system of financing has reached the end of its rope. It can turn to a new tax base—the

gross income—which is so broad that it would permit benefits twice as great as those available under the present program at a fraction of the cost to wage and salary earners.

I don't believe I'm an alarmist. I don't think the 1 percent rise in the payroll tax needed to finance the improvements proposed in H. R. 7225 is so steep that it would cause workers or their employers to turn against the existing system. Nor do I believe the increase in the minimum benefit to $55 or $60, which a member of this committee has said he would propose, is so costly that it cannot be supported by the present system. But I do believe that to go beyond these proposals while retaining the payroll tax base is to invite trouble. And I believe that we must go beyond them—way beyond them.

It therefore becomes a question of "eventually, why not now?" Sooner or later Congress will have to turn to a different tax base if it wants social security to provide realistic benefits.

It might be charged that abolition of the payroll-tax system means abolition of the contributory principle. This is not accurate.

The CHAIRMAN. What is the rate of taxation?

Mr. R. C. TOWNSEND. 2%, under H. R. 4471.

It is true, under the gross income tax plan we propose, each individual would contribute his share of amounts earned in excess of $250 a month and business would pay on its total gross. It is true that benefits would not be in proportion to taxes paid. But what of it—and I say this, not in flippancy, but in dead seriousness. What is so sacrosanct about a system that pays the lowest benefits to the poorest people, who need the most help, and the highest to the relatively well-to-do, who probably need the least?

Surely there is ample precedent for Government services given in equal measure to people who pay widely varying rates to receive them. The millionaire pays a substantial premium to support the schools of his community and the pauper pays nothing, yet the sons and daughters of both are accorded the same educational facilities. When a house is ablaze the fire department doesn't dispatch equipment and manpower in proportion to the taxes paid by the owner. The police offer equal protection to all.

Let's not be afraid of changing the rules. In its time the social security program unquestionably performed a valiant service. But even the best of things eventually outwear their usefulness. We believe this is what has happened to social security.

Let's not fear the bold stroke. Conservatism has its legitimate place, of course, but sometimes in an honest attempt to be cautious we end up being niggardly. The history of the social security experiment has been replete with future promises. "Wait until next year," we seem to have been saying. "Wait until next year—or the year after—or 10 years from now. It takes time for a program to mature."

Perhaps, but 21 years is a long time. And the extent of social security's maturity is an average benefit of less than $60 a month for those under OASI and less than $53 for the 2,500,000 under OAA. How much longer are we going to ask these people to wait until tomorrow? How are we going to convince them that hunger in 1956 will have its rewards in 1966?

Gentlemen, you can't go much further down the social security road. Your own Department of Health, Education, and Welfare, the agency

that administers the program, has told you that. Why not build a new road? Why not do it now, this month and this year?

The CHAIRMAN. Thank you.

Mrs. Ford, do you desire to make a statement?

STATEMENT OF MRS. J. A. FORD, LEGISLATIVE DIRECTOR, TOWNSEND PLAN FOR NATIONAL INSURANCE

Mrs. FORD. Mr. Chairman and members of the committee, back in 1935, when the social security program was enacted, the experts said that title I, which concerns old-age assistance, could be regarded as a temporary expedient. They called it a stop-gap, and they said that as the social security system matured and more and more people became eligible for old age insurance benefits, the need for OAA would diminish and eventually vanish. They said, too, that this happy state of affairs would be accomplished within a relatively brief period of time.

It didn't work out that way—a fact we are all well aware of. Year by year the number of people on OAA grew larger instead of smaller, and today, a full 20 years later, there are some 2,500,000 people dependent on title I for their subsistence. This subsistence averages less than $53 a month, or about $1.75 a day, and it is intended to cover the costs of food, clothing, shelter, and all the other normal costs of survival. Sometimes there are a few extra dollars for medical care, but seldom enough.

At this point I would like to have inserted in the record a copy of the report from Kalamazoo on the budget that is offered to senior citizens.

(The report is as follows:)

KALAMAZOO, MICH., *February 27, 1956.*

MRS. A. J. FORD,
Townsend Plan, Inc., Legislative Bureau,
Washington, D. C.:

Material gathered for Senior Citizens Day, October 25, 1955, facts about social security secured from Social Security Administrative Office here. Facts about old-age assistance furnished by Kalamazoo County Bureau of Social Aid. Budgets furnished by old people themselves. Cannot give their names because they fear reprisals. I will vouch for them.

FRANCES FENNER.

A CITIZEN GATHERS SOME FACTS ABOUT PUBLIC ASSISTANCE FOR THE AGED

In Kalamazoo, Mich., Mrs. Frances Fenner, a veteran Townsend Club member, decided to search out some of the facts of life with regards to old-age assistance in Kalamazoo County on the occasion of Townsend Plan Day this last October 25.

Mrs. Fenner contacted the local old age security administrative office, the Kalamazoo County Bureau of Social Aid and interviewed elderly recipients of public assistance in connection with the budgets allowed them. There follows a statement of her findings.

In Kalamazoo County, Mrs. Fenner found 1,725 people on old-age assistance; 64 aged people in Fairmount Hospital; 99 aged people in nursing homes; and 10 aged people in Senior Citizens Home. This makes a total of 173 aged people in public places, leaving 1,552 living with families or by themselves.

Those living in boarding houses get the maximum OAA checks of $70 per month. It cost them $70 for this care—leaving them nothing for personal needs.

For those who are in nursing homes, the State increases their OAA check to $80. The cost of the nursing home services for them is about $130 to $150 a month. The balance of this cost must be met by the county taxpayers. Again, nothing is left these people for their personal needs.

Those living by themselves have less than 90 cents a day after "fixed" expenses are met. There follow sample budgets of their living allowances. There are in Kalamazoo County some 6,239 persons on old age and survivors insurance benefits, averaging $52.60 a month. In the Senior Citizens Home, the residents are permitted to keep $10 for their medical and personal needs.

BUDGETS

Mrs. A. is 75 years of age and her maximum pension is $70.

Her rent (utilities included) is $45; her telephone is $3; and her laundry is $1.

Thus, Mrs. A's "fixed" expenses are $49 a month. This leaves $21 a month, or 70 cents a day, for food, medical care, clothing and all other personal expenses and needs.

Mrs. B is 76 years of age, is a diabetic and has a pension of $70 per month. Her rent (unfurnished apartment) is $32; heat costs $17; medicine costs (high blood pressure) $3.05; medicine (for legs) $1.30; needles (for insulin) 60 cents; telephone costs $3.03; insulin costs (plus additional expense, due to her illness) $3.89. Thus, Mrs. B's total "fixed" expenses come to $60.27. Her total income is $70, leaving her $9.73 a month for all other needs. Her children are unable to contribute to her support, except in small amounts.

Mrs. C. is 71 years of age and is physically handicapped. Her pension is also $70 a month. Her rent is (heated, a firetrap) $31; refrigeration is $5; burial insurance (nearly paid) $2; church contribution 50 cents; and telephone costs $3.74. Thus, Mrs. C's "fixed" expenses come to a total of at least $42.24 a month. Her total income is $70 a month, leaving her $27.76 (about 90 cents a day) for all other needs and expenses.

This is the picture of the life of the aged on old-age assistance which Mrs. Fenner found in Kalamazoo County in Michigan. It is important to give full consideration to this fact: This is the position and plight of persons receiving $70 assistance a month; but the national average is only about $54 a month and in some States it is $30 a month and less.

Mrs. FORD. H. R. 7225 completely ignores these 2,500,000 people. I certainly hope that this committee will repair at least some of the damage that already has been done by giving serious consideration to these millions who live under conditions reminiscent of the era of the poorhouse. I do not exaggerate. With minor differences these people live under the same conditions today, and with the sanction of the United States Government.

They have been required to swear under affidavit that their resources are insufficient to keep body and soul together. In bygone days we called it a "pauper's oath." Today we call it a "need's test." In more than half of the 48 States recipients of OAA are humiliated by having their names made part of the public record. In an earlier era the names of paupers were posted in the town square; today we post them in county courthouses. There has always been the problem of what to do with penniless old people who have no homes, no families, no place to go. There was a time when we consigned them to filthy poorhouses; today we send them, in many instances, to insane asylums, simply because there's no other place for them to go. Senility is not necessarily synonymous with insanity, a fact which some welfare authorities apparently have never learned.

Half of the States invoke lien laws which require applicants for assistance to sign away their homes before they can receive a penny in aid. All States, with the blessing of the Federal Government, employ caseworkers who are empowered to pry into the most intimate avenues of a recipient's life.

The 2,500,000 recipients of OAA are not in any sense of the word free Americans. They are, instead, charity wards of the State.

Last year, without public hearings, the House passed H. R. 7225 under a tight gag rule with no amendments permitted. Even so, it calls for certain basic improvements in the social-security program which we of the Townsend organization heartily approve, as far as they go. I think you must agree with us that they don't go far enough. We can hardly claim pride in a system which relegates 2½ million people to second-class citizenship just because they are too old to qualify for OASI benefits or because they have spent their lives in occupations that OASI did not cover.

This is not a political problem. It is a problem that transcends politics. At the same time I think we must in all honesty admit that neither of the two major parties has been precisely fair to the millions who have, in their desperation, been forced to turn to OAA. Four years ago the Democrats and the Republicans alike wrote party platforms pledging liberalization of the social-security program. I think it is only reasonable to assume that the voters thought both parties intended to include the 2½ million people on OAA in their calculations. They have been disappointed.

The President, speaking, of course, for the present administration, asks only that Congres cancel the scheduled decrease in the Federal share of OAA payments due to go into effect next September 30. Apparently he does not feel that these aged people deserve an increase.

There are some 500,000 persons who receive both old-age-insurance benefits and OAA. These are, for the most part, people who get only minimum OASI benefits and therefore must turn to OAA for supplementary aid. The President has advanced a proposal that appears to contemplate a sizable reduction in Federal OAA grants for this group beyond fiscal 1957. He has recommended that the Federal share of OAA payments to these people be limited to 50 percent of the total grant. The present maximum is 70 percent.

The President apparently believes that as time goes on fewer and fewer people will need OAA because they will be absorbed under title II. However, as I have already pointed out, here it is 20 years after the enactment of the Social Security Act, and there still are 2,500,000 people dependent on OAA, with no end in sight.

Has either of the major parties been really fair to the millions who have, in their desperation, been forced into the OAA program? The answer is "No."

Certainly H. R. 7225 isn't fair; it ignores them. Certainly the proposals of the President aren't fair; they repudiate them. Yet, I cannot find myself believing that either of the parties intended to do this thing. I can only conclude that it has been an oversight. That oversight can be corrected. That is why we recommend the adoption of the Townsend plan as outlined in H. R. 4471.

The program we advocate offers social-security protection to all citizens, not just certain classes of people. It would include the millions who are now on OAA. It would also include the totally disabled under the age of 60, widows with dependent children, and all persons of 60 or older who choose to retire from gainful employment. We do not believe in compulsory retirement. We advocate instead a program under which each person could choose voluntary retirement as a right of citizenship.

The set of brief memos, hereto attached, embodies the analysis of the social-security problem in this country and defines the reasoning which dictates the necessity for the terms and provisions of the Townsend plan bill, H. R. 4471.

(The memos are as follows:)

A SERIES OF MEMOS DEALING WITH QUESTIONS ON THE TOWNSEND PLAN "PAY-AS-YOU-GO FEDERAL SOCIAL SECURITY FOR ALL"

MEMO NO. I. WHY ARE TOWNSEND PLAN BENEFITS VARIABLE IN AMOUNT?

Varying prices and generally expanding standards of living dictate that no "fixed" sum of dollars can be more than a temporary answer to how much a retirement income should be. To have a stable value, a retirement income must be variable in terms of dollars. Otherwise, the above variables in the economy will foredoom any plan to failure because of the unreliable value of the income.

We have the problem of social security because most American people reach old age without sufficient income or resources to command living standards comparable to the living standards prevailing around them—a tremendous number of them having practically no income or resources at all. That is the essence of the problem. The Townsend plan view is that no social-security system can be justified except by being designed to solve that problem. If a system is to solve the problem, the value of its benefits in terms of the standards of the time must be a reliable and stable value. For the value of benefits to be stable, the dollar amounts must vary as prices and general living standards vary.

In order for benefits to be variable in the above sense, a successful system must be financed by a revenue that is in direct and current proportion to the volume of business, to the actual economic conditions of the country. Otherwise, the wrong amount of money will usually be available—either too much or too little. When too much, it will be unjust to the taxpayer; when too little, it will be unjust to the beneficiaries.

The Townsend plan is designed to provide benefits that are variable, month by month, in the above-described sense. It provides for these varaible benefits by means of a supporting system of taxation that is directly and concurrently "geared" to the actual volume of business, month by month, namely the Townsend plan gross income tax.

MEMO NO. 2. WHY IS THE GROSS INCOME TAX PARTICULARLY APPLICABLE TO THE PROBLEM OF SOCIAL SECURITY?

Once a benefit standard has been adopted, there exists not only the problem of financing it, in terms of so many dollars, at a given time: There is also the problem of financing that benefit standard at all times and under all economic conditions. The necessity of benefits being variable in dollar amounts so as to reflect changing prices and advancing living standards has been discussed in memo No. 1.

Unless a social-security system is flexible enough to fit its benefits closely to changing economic conditions, it will not provide satisfactory benefits. To do this a system must be financed in such a way that the funds available for benefits will at all times support benefits which reflect current conditions and standards.

Now, research has clearly shown that there is a very close and constant relationship between the volume of business and the net standards of living and income created thereby. Therefore, if a given tax rate on the business volume provides the desired amount of finance under one set of conditions, it will do so under any other conditions. Changes in prices, or in any other economic factors will automatically reflect themselves in the tax yield and, therefore provide for benefits closely corresponding to the actual standards of the particular time.

A further important adaptability of the gross income tax for social-security purposes is that business generally records its gross receipts or volume by the month. Other tax bases, net in the opposite extreme, are often not determined until such time has passed that actual conditions bear little relationship at the end of the period to those at the beginning of it. A social-security system which does not gear its benefits as closely as possible to economic changes

will be out of balance more often than it is in balance. The rapid changes in a free-enterprise economy renders anything but a closely geared social-security tax on gross income virtually hopeless so far as providing constantly appropriate benefits is concerned.

Therefore, the gross income tax is adopted by the Townsend plan. It makes possible the close monthly gearing of the plan's benefits to actual conditions and standards—continuously and automatically over long periods of time. Even slight changes in economic conditions or values would be reflected in the revenue yield and, hence, in the benefits provided.

The economy of the United States is expanding more rapidly than at any time in history. Any social-security program not gearing its benefits into this expanding economy will rapidly become outmoded and backward. Too many millions of the American people have experienced the disastrous effects of such shortsighted plans, reaching retirement only to find the value of their dollars bearing no resemblance to the pattern of their needs or planned expectations.

Financing social-security by the gross income tax will obviate this problem.

MEMO NO. 3. WHY IS THE NUMBER OF BENEFICIARIES UNDER THE TOWNSEND PLAN SO LARGE?

The Townsend plan is designed to stabilize the economy of the United States as well as provide security for the American people as individuals. No other proposal has approached the problem on this complete scale. The reason other proposals and systems—such as the Social Security Act—present no such large number of beneficiaries is due to the fact that they are not intended to provide a real answer to the overall question of economic security.

If by any other means than through the Townsend plan this social-security problem finds solution, it will be by providing benefits of the same order for just as many people as the Townsend plan proposes to do. If fewer people are provided for, the problem will remain unsolved.

For example, the Townsend plan proposes that the right to retire be granted to citizens at age of 60 years instead of 65, because industry has established policies denying employment in many instances to those who are past 40. It recognizes Government statistics about the population 65 and over that show them enduring a financial inferiority so drastic that it obviously is encountered severely by a very great number of people long before they reach 65. Failure to recognize this fact and to provide for it will foredoom any social-security plan to inadequacy.

The Townsend plan provides equal benefits to all United States citizens upon their becoming disabled permanently. It is obvious that the financial problems of citizens becoming disabled soon become every bit as severe as those encountered by citizens reaching old age. Any social-security program failing to provide for disabled citizens measures its own failure; and the destruction of purchasing power by disablement of citizens continues.

The same holds true with the Townsend plan's coverage of widows having dependent children under 18. When a family loses its father, the financial problem often becomes a very severe one. The value of such families as a necessary part of the consuming market deteriorates swiftly. A social-security system failing to provide properly and fully for this contingency will also measure itself a failure before it starts.

If conditions were such that the purchasing power, the living standard, the income rate of the elderly, were not subject to deterioration, then, of course, there would never have been the need for a social-security system. It would mean that none of them would ever have needd to live in poverty (in terms of the standards of the times); that as a general group their incomes and living standards would always have approximately equaled those of the adult population in general. It would have mattered little how that state of affairs might have come about. The important thing is to realize that the difference between those conditions and the conditions that exist must govern the design of any social-securiy program that is to be a complete success.

MEMO. NO. 4.—WHY IS THE TOWNSEND PLAN STRICTLY A PAY-AS-YOU-GO SYSTEM?

It has been pointed out before in this series of questions that flexibility is essential in a social-security system in order to maintain equality of benefits in relation to general standards at all times. It is equally necessary that the financial support of the system maintain a correspondingly close relationship to

the economy and the standards enjoyed by the adult population in general at all times. Unless this condition is provided for, the financial support of the system may be unjustly large at one time and, at another time, fail to defray the cost of just benefits. The two must be closely geared together. These two requirements amount to a pay-as-you-go relationship between paid benefits and revenues, without deficits and without surpluses.

The Townsend plan provides for a tax system which will collect an amount of money always bearing a constant ratio to overall national income, regardless of changing economic conditions. After defraying administrative costs, it provides for the complete expenditure of these revenues in the form of benefits, month by month. By so doing, it exactly meets those requirements.

The economic truth is this: No matter how they might be provided for (as the result of private fortune, sagacity, existing retirement systems, or the Townsend plan), the retired part of the population is nonproductive in the current economy. Retired people exist mainly by receiving, in return for their money, goods, and services supplied by the currently working population, no matter how they come to have the money . Once this economic reality is fully comprehended, it is perfectly clear that the principle of pay-as-you-go is essential to any economically just and practical system of social security.

In 1950 the late Robert Taft, in his news column, Washington Report (released on November 23, 1950), said, "The truth is that the only way pensions can be paid to millions who have retired and are not working is out of the current earnings of those who are working * * * I suggest that we should study the idea of a basic, uniform Federal plan frankly based on taxation through current Federal tax."

The Townsend organization has pioneered and insisted on this point. It is gratifying to see, in the testimony presented by organizations and individuals to Congress in 1954, the rapidly spreading realization of the validity of this principle of pay as you go and of the economic reality on which it is based.

MEMO NO. 5. WHY SHOULD WE ADOPT THE TOWNSEND PLAN INSTEAD OF CONTINUING TO LIBERALIZE THE PRESENT SYSTEM OF OLD AGE AND SURVIVORS INSURANCE?

The Townsend plan is based squarely on the belief that Americans should achieve economic sufficiency and independence as the final result of life. We recognize authentic statistics reported by the Bureau of the Census which clearly show how badly the American people have failed to achieve this result.

Viewed in this light, old-age and survivors insurance has proven a failure. In February 1954, the Social Security Bulletin carried an article by Jacob Fisher of the Social Security Administration's Division of Research and Statistics, Postwar Changes in the Income Position of the Aged. This report shows: "The population aged 65 and over increased 17 percent from 1947 through 1952 (while the total population aged 14 and over increased only 5 percent) ; but, their share of total personal income increased from 7 percent in 1947 to only 8 percent in 1952."

Our direct analysis of Census Bureau data on income distribution shows their share as 7.3 percent in 1953 and 7.7 percent in 1954. Thus, the aged actually slipped from their pitifully inferior income position in 1947 to an even more inferior position in 1952, 1953, and 1954; for their increase as a proportionate part of the total population has continued unabated.

This took place despite congressional actional in 1950 increasing OASI benefits by 70 percent and in spite of congressional actions in 1952 and 1954. It took place in spite of the dramatic increase of private pension systems and the liberalization of just about every existing public and private retirement system as well.

Since World War II, OASI has not even saved the comparative income position of the elderly from further decline. OASI has not only failed effectively to solve the social-security problem—it has even failed to prevent it from getting worse.

Furthermore, a 1955 report of the Social Security Administration plainly warns that to establish even so modest a minimum OASI benefit as $75 a month would entail payroll tax rates so high as to endanger public support of its contributory principle—in their view.

Unabated surpluses of production dictate that we must keep buying power abreast of our ever-expanding ability to produce. Unless we stop destruction of the average American's buying power upon his reaching old age, this can never be done. This is what OASI has proven unable to do. It is exactly what the Townsend plan will do.

Added to what we authentically know the American people can do privately for retirement, Townsend plan benefits will end poverty and dependence in old age, retiring all citizens on fair economic equality with their fellow adults in general—thus amplifying buying power, the only way prosperously to absorb surpluses.

Therefore, we believe the Townsend plan should be immediately adopted in place of the present system of old-age and survivors insurance.

MEMO NO. 6. WOULD THE TOWNSEND PLAN OPERATE AS WELL ON A YEARLY AS ON A MONTHLY BASIS OF TURNOVER?

In view of the foregoing discussion of the pay-as-you-go principle, it should be clear why the Townsend plan is designed to operate on a monthly basis. It is deliberately designed to put social security on a pay-as-you-go basis with the revenues being collected monthly and benefits being calculated and paid as soon as administratively possible.

However, there are other reasons besides the embodiment of the pay-as-you-go principal. Such a close monthly turnover basis would insure that the relationship between benefits and actual economic conditions in general would be as contemporary as possible.

On a yearly basis there would be, on the average, a 12-month lag or difference between the general economic conditions under which the revenue would be raised and those under which benefits would be expended. We have numerous examples in our memory of economic affairs showing how great are the economic changes which take place in a few months, to say nothing of a year or more.

Under the Townsend plan, operating on a monthly basis, only the time needed for administration would be required to convert monthly revenues into benefits.

MEMO NO. 7. WOULD THE GROSS INCOME-TAX PYRAMID PRICES?

This often asked question results from a misunderstanding of the gross income tax base. The base of the gross income tax, the so-called pyramid of prices, consists of the existing gross receipts of all persons and of all businesses, from the retail-consumer level back throughout the entire economic structure. The pyramid already exists. It can't be said that the gross income tax would create it.

The gross income tax proposal is that this broadest possible base of total, gross receipts—received as compensation for personal services and derived from the sale of tangible or intangible property—be utilized as the tax base for financing social security benefits. Many reasons for applying this form of tax have already been explained in these memos.

The truth is that the Townsend plan gross income tax would have no greater effect of increasing or pyramiding prices than any retail sales tax, corporation tax, excise tax, property tax, or net income tax, in raising the same amount of revenue. Any bearing on prices by the amount of money raised would, in reality, be the same.

Use of the gross income tax, which is based on the existing price-pyramid, offers these very important advantages: First, since the base is so broad, ample income can be derived from a very small tax-rate. Secondly, it fulfills perfectly the requirements of flexibility under changing conditions that are necessary for a successful social security program.

If such purely theoretical objections to the gross income tax had any real basis in truth, it would have been impossible for it to have continued in use in the State of Indiana and in the Territory of Hawaii for the last 20 years.

MEMO NO. 8. WHAT IS THE ANSWER TO THOSE WHO CLAIM A GROSS INCOME TAX WOULD BE A DISADVANTAGE TO COMPETITORS OPERATING ON CLOSE MARGINS—THAT IT WOULD PUT SUCH ENTERPRISES OUT OF BUSINESS?

There was a time when it was necessary to argue such questions in terms of theory and reason. This is no longer the case. The gross income tax has been in operation for some 20 years in Hawaii and in Indiana. Of course, there are those who argue that those taxes are not the same as the Townsend bill's tax. Let us take a look at the facts.

The tax-base proposed in the Townsend bill is the gross receipts of all persons and companies received as compensation for personal services and/or derived from the sale of tangible or intangible property. The definition of 'gross income' in section 101 of the Townsend bill speaks for itself.

Now, let us look at the Indiana law: The "Indiana Gross Income Tax Act of 1933, as amended to 1953 (inclusive), chapter 50 * * * Gross Income Tax Act of 1933—definition of terms—amendment—section 1—(m) The term "gross income," except as hereinafter otherwise expressly provided, means the gross receipts of the taxpayer received as compensation for personal services, including but not in limitation thereof, wages, bonuses, pensions, salaries, fees, commissions, gratuities * * * and the gross receipts of the taxpayer received from trades, businesses, or commerce, including admission fees or charges, and the gross receipts received from the sale, transfer or exchange, of property, tangible or intangible, real or personal, including the sale of capital assets, or from the assignment or sale of rights * * *"

This tax-base has operated in Indiana for 20 years now! They have levied taxes at rates ranging from ¼ to 1 percent. When the problem of a soldiers' bonus arose after World War II, they added ¼ percent to defray its cost.

Not only has the gross income tax stood up under the test of time in Indiana but, in 1954 Indiana advertised in leading business periodicals (full page advertisements of course) describing the inducements for business to consider locating in Indiana. In these advertisements, giving the particularly enumerated advantages of Indiana, the No. 1 item is the gross income tax.

A point need only be proven once—and Indiana has, year after year, proven the desirability and the workability of the gross income tax. It is not only workable, it is efficient and practical in the highest sense. If this tax were depressing or discriminatory, it would long ago have been abandoned in Indiana, to say nothing of Hawaii.

MEMO NO. 9. HOW CAN THE HIGH COST OF TOWNSEND PLAN BENEFITS FOR SO MANY BENEFICIARIES BE BORNE BY THE ECONOMY?

This question of "How much can the economy bear?" is a very proper one with regard to any proposal. However, it is very shortsighted to consider the money-cost of any proposal unless, at the same time, one is equally concerned with the use to which the money is to be put. Altogether too much meritorious effort is obstructed by the chronic objectors to anything and everything that must be paid for.

Let us look at this social security problem in this light, namely, in terms of both the money-cost and the use to which the money is to be put. The first point to be made is that no matter how this problem is solved, publicly or privately, the money-cost would be the same; the beneficiaries generally would be retired from productive occupation. The economic fact is that they would be supported mainly by goods and services produced by their contemporary workers. The only thing they would have to offer in return would be their money. It is not a question of whether the Townsend plan could be borne—it is a question of whether the economy would suffer or benefit from the solution of this problem.

Good sense dictates that before we consider the particular merits of any proposal, we should decide the answer to that last question. Otherwise, the consideration of any particular proposal has no more foundation than a mental exercise.

Bearing the foregoing in mind, we ask: Are people who have succeeded in winning prosperous retirement positions considered as burdens to the economy? After all, they are nonproductive contemporary to their retirement; and their main offering in exchange for support by the productive people is their money. The answer to that question is obvious: They are not considered burdensome to the economy.

The question now logically becomes: Why should it be economically burdensome to provide Federal retirement which would abolish poverty for America's aged generally? The answer is obvious: It would not be economically burdensome. On the contrary, these millions of people and their money would be as welcome to every business in the Nation as are those who are now retired.

The fact is that the present social security system does not solve this problem. The economic results fall into this pattern: As Americans reach retirement age or encounter major disabilities, their purchasing power rapidly deteriorates, thereby undermining the total purchasing power of the overall economy. Coupled with the fact that the elderly part of our population is a growing percentage of the total population, their declining buying power represents a progressive failure to match our ever-growing productive power with a consumption capable of maintaining full employment of our national manpower, machine power and capital resources.

The economy would benefit, not suffer, by the operation of the Townsend plan.

MEMO NO. 10. WHY WILL ALL CITIZENS BENEFIT FROM THE TOWNSEND PLAN WHETHER THEY ARE DIRECT BENEFICIARIES OR NOT?

This concluding memo demonstrates the full value of solving the social security problem.

Beyond direct benefits to individuals, the solution of the social security problem will mean that no longer will the purchasing power of our people continue to be destroyed by the impact of old age, disabilities, or the loss by families of their fathers. This will mean the continuous existence of a far higher level of purchasing power in the overall economy, which will result in a greater and more stable market for every conceivable type of production. This will create greater and steadier employment for labor of every kind. The basic economic problem of surpluses of production, with all their costly results, would be greatly lessened. Such results would be of vast value to everybody, giving greater opportunity to all, no matter what their ages or positions might be.

The results go still further. The lack of security, against the hazards of life which are beyond the financial ability of individuals to cope with, curtails freedom and smothers initiative. Fear constantly plagues all people whenever they face an economic decision. Fear of the tragic results of economic failure obstructs almost every decision, from the education of children to the undertaking of business ventures. Can there be any doubt that the elimination of poverty in old age, or as the result of disability, or the loss of the bread-winning parent, would greatly free initiative?

Beneath all such economic considerations there is the mighty force of the confidence that would exist in tahe hearts and minds of our people. Regardless of whether or not they became direct beneficiaries of such a complete program of social security, the certain knowledge that poverty and its attendant tragedies could not overtake them in old age, that disability could not crush them into either public or private dependency, that the father's death would not leave behind an economically stranded family—could not fail to create a confidence and a secure peace of mind that would liberate human resources to an extent beyond serious estimation.

To say that the overall results would ultimately inspire worldwide recognition of America's leadership in humanity's quest for freedom and away from communism, seems very reasonable. It is to these ends that the Townsend movement is dedicated; and it is for these ends that the terms of the Townsend bill are required.

We urge that the Congress consider this problem of social security in the light of this broader meaning.

Submitted by the Townsend Legislative Bureau.

Mrs. FORD. Mr. Chairman, at this point, with your permission, I would also like to have inserted in the record a statement that has been made recently in New York by Senator Desmond of Newburgh, N. Y. I have attached it here and with your permission, you will take it. He cites the restrictions, discriminations, and humiliations those on old age assistance are subject to as reasons for the inclusion of all aged under OASI

The CHAIRMAN. Without objection.

(The statement referred to is as follows:)

SOCIAL SECURITY FOR ALL OVER 70 PROPOSED IN DESMOND STATEMENT

NEW YORK (UP) (The Newburgh News, February 21, 1956).—State Senator Thomas C. Desmond of Newburgh proposed today that all persons over 70 be taken immediately into the social security system to eliminate old-age assistance programs. He said the programs are "expensive, wasteful, and damaging to the dignity of human beings."

Desmond made the proposal in an address read for him at ceremonies at the Home of Old Israel where he received in absentia a Brotherhood Week award from senior citizens of the Salvation Army Red Shield Club, the Golden Age Club of Chinatown, the Elliott Neighborhood Center of the Hudson Guild, and the host home.

Desmond's address said that at the present rate social security would not catch up with the aged for another 20 years.

Desmond said 1,661,000 old persons are receiving assistance payments averaging $54 a month.

"I do not want to waste the valuable skills of trained social workers in tracking down applicants' eligibility," he said. "I don't want our poor aged to endure for two decades or more the invasion of their privacy, the indignity of dying officially as paupers, or of having to sign away their little homes to get bread and medicine.

"America can set up an integrated system of old-age insurance and assistance under which all those above 70 will be immediately covered by social security, and gradually the age limit can be lowered so that in 5 years complete integration will be achieved, and no one in our country will ever again be officially tagged a pauper."

Senator CARLSON. I would just like to state that Dr. Townsend had visited our State on many occasions; he has many friends there and they will be pleased to know that he and his group are appearing at the hearing this morning and I was thinking as we were sitting here, I have just been advised since you folks started to testify that the President has stated that he would be available for another term. This might develop as history is written that this will be a historic period in the Nation's history.

Mr. R. C. TOWNSEND. Let us hope so.

Mrs. FORD. Eventful Wednesday.

The CHAIRMAN. Mrs. Abraham Epstein of the American Association for Social Security.

Mrs. Epstein, will you proceed, please?

STATEMENT OF MRS. ABRAHAM EPSTEIN, VICE PRESIDENT, AMERICAN ASSOCIATION FOR SOCIAL SECURITY

Mrs. EPSTEIN. My name is Henriette C. Epstein. My interest in social security is of long standing. In the late twenties I was one of the research assistants of the Pennsylvania Commission To Study Old Age Pensions. I have been connected with the American Association for Social Security since 1927. The association was founded at that time by my late husband, Abraham Epstein, together with many others who were also interested in the problem of dependency in old age. Our first name was American Association for Old Age Security. We changed it to American Association for Social Security during the depression when we felt compelled to strike even deeper at the roots which sustain poverty and dependency.

For many years and at times when it was exceedingly unpopular to do so, we advocated the principle of social insurance which had already been adopted in many countries of the world. We are credited with coining those two magic words "social security" which have come to symbolize the hopes of millions of our fellow Americans.

We felt it is important not only to guarantee some income to those who are deprived of earnings through circumstances beyond their control, but that this must be done in a self-respecting manner and without a means test which is humiliating to the unfortunate person in need of help. The social insurance method is also less costly to the taxpayer since the insured participate during their working life. This gives them the good feeling that they have paid for their protection instead of getting it at the expense of their fellow citizens as paupers and wards of the community.

Totalitarian regimes depend on force to uphold their way of life. Their people have the right to starve if it suits the purposes of their

masters. In a democracy we think differently. As one of the most powerful countries of the world we cannot convince other nations of our true greatness unless we convince them of our deeply rooted concern for the happiness and welfare of all our citizens. We cannot send our aged to the poorhouse and our unemployed to the breadlines.

Therefore, the basis of social-security legislation does not lie, as certain Americans insist, in a new-fangled idea of Government pampering of the individual, a product of the New Deal, invented during the years of the great depression. It is not a deterrent to individual initiative and to private enterprise. It is not the old idea of Bismarck, that of strengthening the state at the expense of the individual.

Three most important reasons make social-security legislation imperative. The first is the religious faith which prompts us "to do unto others as you would have them do unto you" and which urges us to feed and shelter the destitute and helpless in a spirit of justice and dignity. The second is the sound political instinct that unless a minimum of economic security protection is established the suffering people may become politically dangerous and turn to violent solutions as they have done in many countries of the world. The third reason is more modern: Social-security protection constitutes the best medium of underpinning the purchasing power of millions of Americans at times when they cannot earn, which is essential to the maintenance of production and to the stability of our national economy.

Therefore I agree heartily with several of the provisions that are under discussion now and I hope that you will consider favorably those long overdue amendments to our Social Security Act. I am listing them in the order of their importance.

First, disability insurance: The missing link and a very important one in our whole chain of social security measures.

Second, lowering the age for women beneficiaries.

Third, extending benefits for disabled children.

Fourth, extending coverage.

Fifth, the financing of our program on a basis that will be equitable and fair not only to workers and employers but to our entire economy.

DISABILITY INSURANCE

Regarding the need for disability insurance, the absence of protection against the risks of permanent illness from our legislation is particularly striking because most nations having social security systems have had this form of social insurance for a long time. In many countries it even preceded other forms of social insurance. We know and it is an obvious fact that except for the high rate of unemployment during the depression years illness constitutes the greatest cause of dependency in our country. It has also been proved that it is more prevalent and more severe among the lower income groups.

On an average day of the year, 5 percent of our civilian population between the ages of 14 and 64 are unable to attend to their regular occupations because of disability. On an average day of the year about 2.2 millon persons from 14 to 64 have been disabled more than 6 months and are unable to find work. Since only 1 person out of 20 suffered a disability in connection with his work, the other 19 therefore are not qualified to receive workmen's compensation.

Private insurance companies do not offer adequate insurance against loss of income during permanent disability at a price within the means of an average person. If we consider the large insurance companies, only 12 out of 30 sell such protection to men and only 2 sell to women. I believe that no company pays for disabilities which strike after the age of 60 and 8 companies after the age of 55. Many private pension schemes do not have disability benefits. Most of those plans cost more and provide less than an all-inclusive social-insurance system. Moreover millions of persons who do not belong to a strong labor union and do not work for a large industrial concern, as well as farmers and small-business men are left without such protection. They frequently are the poorest paid workers and those who need it most.

It is true that many disabled persons do not wish to ask for help. They try to manage in the best possible way, but such as state of incertitude does not help any one to recover quickly, even if that would be possible. Disability brings untold hardships to stricken individuals and disrupts family life. During illness, earnings stop and the family is thus crushed between two millstones: the upper millstone of lack of income and the lower millstone of burdensome medical-care costs. Savings must be used to pay the additional expenses incurred. If the breadwinner is disabled at a time when his responsibilities are greatest, the future of his children is endangered, and they will not get a good start in life. When savings are exhausted, when there is no help available from relatives and friends, the disabled face the humiliating prospect of applying for public assistance or for charity.

An appeal for aid under public assistance can only be made in case of indigency. Under social insurance the claim is founded upon the right to benefit which is preexistent to the emergency. Public assistance provides just a bare means of subsistence for the destitute. Social insurance tries to establish a minimum of economic sustenance below which no one should fall. Relief and charity merely perpetuate existing economic injustices. Social insurance endeavors to eradicate much of our destitution and misery by substituting foresight and self-help. It is like a dam for flood control. It dams at their source the springs feeding the sea of destitution.

As for aid to the permanently and totally disabled, when our Social Security Act was first enacted in 1935, many of us regretted that permanent disability was not included. However, social insurance was then an altogether new undertaking and faced tremendous problems of administration at the start. Since those early days much study has gone into the problem of permanent disability insurance. Recommendations were made for its inclusion in the Social Security Act by the 1938 Advisory Council on Social Security, by President Roosevelt and by President Truman. The Advisory Council to the Senate Committee on Finance recommended it in 1948. H. R. 6000 passed the House of Representatives with a provision for permanent and total disability insurance after hearings were held by the House Ways and Means Committee in 1949. Hearings were held by the Senate Committee on Finance in 1950 and many came to testify regarding the need for such legislation.

Congress adopted a Federal-State program of aid to the permanently and totally disabled: thus expressing its intention that the disabled

should not go without the necessities of life. It is, however, a new category of public assistance. It is not social insurance and as such it is subject to a means test. It is hampered by residence requirements and by uneven implementation by the States. Requirements in many States are over strict and payments are low. The average payment to the disabled was $55.59 in November 1955.

To quote the report of the House Committee on Ways and Means which accompanies H. R. 7225:

> Forty States and three Territories have established programs under the special category of aid to the permanently and totally disabled. In fiscal year 1955, the Federal Government and the States spent about $145 million on this category of assistance, not including aid to the needy blind, and an estimated $145 million on aid to dependent children who are in need because of the disability of the father. Furthermore much of the $225 million approximate cost to the States and local governments of general assistance, which excluded vendor payment for medical care also arises because of disability.

If we take New York City as an example, many persons are worried because we are spending so much on public assistance. I went to our department of welfare and inquired as to the problems we are facing. In December 1955, the last month for which such figures were available, out of a total public assistance caseload of 136,812, there was a caseload of 28,260 under the aid to the disabled program, or about roughly 20.7 percent of the cases. This does not include the blind which have their own program. The funds, as you well know, come from Federal, State, and city sources. There was a total spent of $2,096,851 in that month, including medical care. This meant about $74.20 per case. Without medical care the total was $2,039,255 which meant $72.16 per case. The Federal reimbursement is $35 maximum per case, and the percentage of Federal reimbursement for each case is thus 38.85 percent. If all received full Federal reimbursement, the money coming from the Federal Government would amount to approximately $814,627. The balance of $1,282,224 being shared equally by New York State and New York City. According to our department of welfare, it is fair to state that many of those permanently disabled have had a substantial employment record.

These funds come out of your pockets and mine as taxpayers. And we must remember that it is more costly to support our disabled on public assistance than to administer social-insurance benefits. Not only will we save the costs of investigating need and granting assistance, but we shall be able to save still further by having a better chance of rehabilitating those who can be returned to some form of productive employment.

In 1954 Congress enacted the "disability freeze" which preserves the rights to benefits to those workers who are disabled before they die or before they attain 65 years of age. This is not sufficient.

We must not forget that disability insurance is already in operation and administered by the Railroad Retirement and Disability Insurance Board. There are also various other governmental and private plans. Their administrative experience should prove very valuable. For all these reasons insurance against long-term disability should become part and complement of our old-age and survivors insurance system as proposed in H. R. 7225. The 70 million persons now covered are entitled to this protection. The report on H. R. 7225 pointed out that "the covered worker forced into retirement after age 50 and prior to age 65 should not be required to become virtually

destitute before he is eligible for benefits as he must under the assistance program. Certainly there is as great a need to protect the resources, the self-reliance, the dignity, and the self-respect of the disabled worker as of any other group."

Estimates are given that in the first year disability benefits would be payable to about 250,000 workers who are totally and permanently disabled and meet the strict tests as to duration and recentness of old-age and survivors insurance coverage. These would amount to about $200 million. They would be payable after a 6-month waiting period and would go to those who have "shown a capacity and will to work" by having a record of work over a considerable period of time, and who are unable—

to engage in any substantial activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.

As further stated in the report on H. R. 7225:

An individual who is able to engage in any substantial and gainful activity will not be entitled to disability insurance benefits even though he is in fact severely disabled.

Disability will be determined by the State agencies which make the determination under the "disability freeze."

It is also provided that in order to support and strengthen physical and vocational rehabilitation a person will not lose his benefits while performing work under a State rehabilitation program during the first 12 months while he is testing out a new earning capacity. An invalidated person thus returned to earning power would mean a saving to the trust fund. By stopping benefits of those who refuse rehabilitation without good cause, requirements are thus made stricter than those of commercial insurance and of public assistance.

We should go even further and provide allowances for the wife and dependent children of the beneficiary. Family expenses are higher than those of a single person. We have already incorporated the principle of family benefits in our OASI system. We should not repudiate it when disability insurance becomes a reality. Although it is true that permanent invalidity increases with age, we shall also have to consider the extension of the plan to younger age groups. There is greater hardship involved when the breadwinner with young children faces the prospect of long years of crippling invalidity.

We should also consider the problem of providing cash benefits to the insured who are totally disabled by an illness of a temporary nature. Insurance against loss of income during a short but crippling sickness should also become a part of our social-security legislation. We should aim to provide a basic minimum of security for those who are thus unable to work. Four States and the Railroad Retirement and Disability Insurance Board now have such coverage. However, three State plans do not follow the principles of social insurance as is being done in OASI and unemployment insurance. Leaving this risk to private insurance means a great danger of adverse selection of risks. This will affect firms which employ women or older persons. Workers should not be penalized when they change jobs or move from one State to another. An infinite variety of plans, private and public, is expensive to administer and cannot provide the basic protection inherent in a national plan with definite schedules of benefits and contributions.

Upon becoming sick the insured should know what is or her rights are. There also should be close coordination between permanent disability insurance and temporary sickness insurance. If the administration is in the hands of the States, a national plan should set standards as to eligibility, amounts and duration of benefits, prevention of malingering and financing of the program. The issues involved in temporary sickness insurance require great study on the part of your committee.

I am aware that the critics of disability insurance charge that many workers "would prefer a small income with security to a larger income with what they consider insecurity." I am surprised that anyone should hold such views. Pointing at a few black sheep, which exist everywhere, should not be a reason for denying disability insurance to thousands who fall by the wayside through no fault of their own. To do so would be on our part the admission that we are a lazy and irresponsible people. Nothing is further from the truth. Americans are an ambitious people. They prefer work to idleness. More than any other people they are anxious to better their own lives and those of their children.

Now with reference to lowering the retirement age for women beneficiaries, H. R. 7225 further proposes lowering the age at which women can draw their benefits from 65 to 62. This woul affect widows, wives of insured men as well as dependent mothers of deceased insured and also women workers. At the present time insured workers have the equivalent of some 70 billion in face value of suvivors insurance protection for their wives. Insofar as widows are concerned, this reduction in the qualifying age would mean an immediate addition of about 15 billion in face value of survivors protection under OASI. In the case of husbands and wives it is difficult to get along on the husband's benefits only. Most of the married men who attain the age of 65 have a wife who has reached 60. Our original Social Security Act was amended to include family benefits in 1939. Now is the time to round out the job and make the picture more complete.

I am one of those who advocated lowering the age to 60 for women beneficiaries at the hearings of your committee in 1950. This provision had been recommended by your Advisory Council. I have heard from many women since then. They all tell stories of hardship because women of 60 are not wanted in offices or factories. If you read the employment section of any newspaper, you will not fail to notice that age limits for jobs are lower for women than for men. Many women are bitterly complaining to me that an employer prefers hiring a young and inexperienced girl instead of an experienced elderly woman. When I visit my many friends in New England, I am told of the many cases of hardship which occur when a textile plant moves to the South. The women lose their jobs; but when a new industry comes in and a new plant opens, if it is electronics, for instance, there will be no work for the older women. Their skills are of no use to the community.

For a woman left a widow at the age of 60, it is almost impossible to get a job if she has spent her years keeping house for her family, particularly if she has lost the skills of her youth and has not recently been employed. How many of us realize how much the life insurance left by a husband has shrunk in value? It is very unfair to penalize

a woman who has spent her life raising a family and thus performing a very important function for society, although it is an unpaid one. It is surprising that this particular problem is so little understood in our country. Most social-security systems in the world today permit women to draw benefits at an earlier age than men.

Of course, the women who have good jobs and make more than they would receive in benefits will continue working as long as they want. However, those who are getting old on the job, not as alert as they used to be, and are a burden to their employer who cannot find lighter work for them ought to be able to retire at 60.

It is estimated that altogether about 1,200,000 such women would get protection under this feature of the bill. About 800,000 would draw benefits immediately, amounting to about $400,000. The remaining 400,000 women who are working or whose husbands are working would receive benefits when they or their husbands retire. About 175,000 widows and dependent mothers would become immediately eligible for benefits with the age reduced to 62. I would like to add that it might prove a good idea to put this increased purchasing power in the form of OASI benefits in the hands of all these women: the retired worker will have more leisure time to spend her money on nonessentials; the widow will not have to ask her daughter for the new dress and hat she wants for Easter; the elderly couple will be able to take the vacation trip they have planned for a long time. From all this the economy as a whole is bound to benefit.

There should be a continuation of monthly benefits to disabled children. It is very desirable to continue such benefits to those children who are permanently and totally disabled before reaching the age of 18 and to their mothers. This recognizes the fact that the mother may not be able to go to work but must stay home to care for the disabled child. It will also help toward rehabilitation of those who could be helped and trained for gainful work.

Coverage under OASI should be as wide as possible. When social-security legislation was discussed, coverage was restricted for administrative reasons. Today conditions are different. Much experience has been gained and coverage has been increased substantially these last years. The house of delegates of the American Bar Association has approved by a vote of 100 to 25 a resolution favoring compulsory coverage of self-employed lawyers. Employees of nonprofit organizations have also expressed the wish to be covered even if they work for an organization without coverage.

May I also add that some of the smalltown doctors in New England have told me they would like to come under OASI. They realize they need this protection as much as other groups in the community. Many doctors in New York have personally expressed the same feelings to me. I can only pass on their wishes to you for your consideration.

Now for financing of the program, to finance the improvements in the program, an increase in contributions of half of 1 percent on employers and employees has been scheduled. According to the estimates furnished by the actuary this is slightly more than sufficient to meet the cost of the increased protection being planned, using the intermediate cost estimate.

However, we have to proceed cautiously, and it is most important to establish an "Advisory Council on Social Security Financing" for the purpose of "reviewing the status of the old-age and survivors

insurance trust fund in relation to the long-term commitments of the program, evaluating the financial provisions in relation to the dynamic character and growing productive capacity of our economy," as stated in the report. However, from the beginning we have made the mistake of confusing the fundamental concepts and aims of social insurance with those of private insurance. It is quite natural that we should make such a mistake. The objectives of private insurance are to provide protection in accordance with the means of the policyholder and to do this, it must adhere strictly to the principles of actuarial science.

The aims of a social-insurance program are not the same. It seeks above all to establish a minimum of economic sustenance for the greatest part of our population, regardless of the premiums they are able to pay. It is concerned with social needs rather than with strict equity among the insured. The rates cannot be dictated by cold and abstract actuarial computations alone, but by an intelligent and statesmanlike social policy. Since as a nation we are committed in one way or another to provide benefits adequate to meet need in a self-respecting manner, a governmental social-insurance plan does not require large reserves because it does not rely solely on premiums, but also on its power of taxation. Building huge governmental social-insurance reserves is an empty gesture in terms of the future because of the changes in the value of money in years to come. Inflation may very well wipe out a part of those reserves. This has happened in many countries of Europe.

Abraham Epstein, my late husband had spent his life studying those questions in this country and abroad. He was opposed to the accumulation of huge reserves contemplated in the 1935 Social Security Act. His opinion was that payroll taxes are regressive taxes since high rates of social-security contributions not only reduce income in terms of purchasing power, but also tend to encourage the use of devices that will curtail employment. Our economy as a whole is bound to suffer. The repeal of the clause permitting appropriations from the Treasury to the OASI trust fund was a step in the wrong direction.

In conclusion, I came here accompanied by the good wishes of many people who are writing me about their troubles and financial worries caused by illness. Many women in dire need have asked me to be their spokesman or if I might use the term their "spokeswoman." These people are good Americans, and their only offense is that the money they laid aside for the proverbial rainy day is no longer worth what it was worth when they were young and well and able to work. I am pleading with you that you will bear them in mind when you discuss the provisions of this bill.

May God bless you for your kindness towards them all.

The CHAIRMAN. Thank you.

The next witness is Mr. George McLain. Please proceed.

STATEMENT OF GEORGE McLAIN, PRESIDENT, NATIONAL INSTITUTE OF SOCIAL WELFARE

Mr. McLAIN. Gentlemen, my name is George McLain. I am president of the National Institute of Social Welfare with offices located at 300 New Jersey Avenue SE., Washington, D. C., and with western headquarters located at 1031 South Grand Avenue, Los Angeles, Calif.

Mr. Chairman and members of the committee, may I express my appreciation for this opportunity to support and endorse the passage of H. R. 7225 and to urge adoption of several most vital amendments to this worthy legislation.

The National Institute of Social Welfare is a nonprofit corporation representing the views and opinions of a large confederation of old-age pension and social-welfare groups throughout the country whose collective membership totals around a quarter of a million citizens.

In addition to heading this national organization, I am also chairman of the California Institute of Social Welfare and have for the past 15 years represented the old, the blind, physically handicapped, and dependent children of California. During these years I have worked primarily with those on public assistance, helping with their individual problems and acting as their mediary before county welfare departments and before the State social welfare board.

For many years I have been in constant attendance at the California State Legislature appearing in behalf of social-welfare legislation and have come back here to the Nation's Capital in behalf of similar legislation on several occasions.

Through the years I have worked with many thousands of recipients of aid under the public-assistance section of the Federal Social Security Act. I have observed firsthand—from the recipient's standpoint—where the inequities in the law lay.

I think that the legislation embodied in H. R. 7225 corrects a few of these inequities and gives long overdue and sorely needed benefits to a most worthy segment of the American population. Although the National Institute of Social Welfare and its affiliates wholeheartedly endorse this bill, we do not think it does the whole job.

I will go into this more fully further on in my statement, but first I should like to comment on the testimony given by some of the witnesses before your committee. Since you first opened hearings, either I or one of the members of our staff have sat in this room listening to the arguments pro and con. And I must say that I have been shocked and amazed at some of the testimony given before this committee—particularly by the members of the medical profession.

I have noted that out of 100 witnesses appearing here to speak, 41 were doctors who have, with the exception of one, unanimously not only opposed passage of H. R. 7225, but indeed the entire Federal social-security system.

You know, gentlemen, after listening to the heartless testimony of these medical men who would deny any measure of security to the American people, both in old-age and physical disability, I'm almost afraid to go to a doctor. If they are so dead set against human welfare and so oblivious to human misery, then I truly don't see how they can be too sympathetic with the ills of society.

Why these doctors should have such strong convictions against the social-security program when medical doctors at their own request are omitted from the Federal Social Security Act is difficult to understand.

While spurning coverage under the Social Security Act, I note where Elmer Hess, M. D., president of the American Medical Associa-

tion, in a letter dated January 9, 1956, which was reprinted in the Congressional Record on January 17, 1956, page 539, has complained that our income-tax system discriminates against self-employed taxpayers. In his letter, Dr. Hess reasons that since doctors receive no protection for their own old age, similar to that now given employed persons under the Federal Social Security Act, Congress should pass legislation to ease up on their income tax. Such savings on income tax, says the president of AMA, would be set aside by the doctors to provide for themselves in their declining years.

Now if that isn't inconsistency for you, I'd like to know what is. First they kick and scream demanding that they not be covered, and because Congress abides by their wishes, they yell for privileges to compensate for the loss of benefits they have repeatedly refused in the first place.

It's my opinion, and I think statistics will back me up, that medical doctors figure they're taken care of all right and to devil with everybody else. I found some very interesting statistics in a monthly magazine called Facts, under date of February 1956, which states that the average net income of a physician is $11,058 per year, and the average net income of specialists in the medical field is $28,628 per year.

I'd also like to point out that while it does cost considerable money to become a doctor, this same magazine revealed that 79 percent of the total cost of medical education comes from legislative grants, alumni funds, and public gifts of money.

It also must be remembered that most doctors, regardless of how old they become, can still earn considerable by just puttering around or associating their name with a medical product or project. It takes a lot less energy at age 70 to raise a stethescope than it does a pick and shovel.

With these facts in mind, I say that the stand taken here by spokesmen for the medical profession against all phases of H. R. 7225 and the Social Security Act, itself, is based purely on selfish motivations.

I was most interested in the arguments put forth by the representatives of the Council of State Chambers of Commerce before your committee on February 21, 1956, and that of the Chamber of Commerce of the United States on the same date. As was to be expected, they opposed H. R. 7225 and oppose the making of benefits payments under the Social Security Act as a matter of right to workers at age 50 and over who become totally and permanently disabled. They argue that these workers can be amply provided for under Title XIV—Aid to the Permanently and Totally Disabled, of the Public Assistance Act.

They did not, however, bring to this committee's attention the fact that the average payment as of October 1955 to these recipients was only $55.51 per month. Connecticut paid the highest in the Nation with $115.01, and Mississippi paid the least average with only $24.58—and in all cases, the individual was subjected to a most drastic and humiliating means test.

The chamber of commerce spokesmen also did not point out that even though Congress amended the public assistance section in 1950 to take care of these people, only 41 of the States have taken advantage of it by adopting laws to conform to the Federal requirement.

Now comes the glaring inconsistency in the chamber of commerce testimony. One of the States which has not taken advantage of the Federal participation formula is California. Why? Because the lobbyists for the State chamber of commerce have been able to bring enough pressure against the State legislature to prevent the adoption of aid to the permanently and totally disabled.

The situation in California regarding the State and local chambers of commerce is so unusual that I believe this committee should find the facts interesting. In California, the promoters of this organization have been able to circumvent our State constitution regarding "gifts of public funds" by having the State legislature some years back enact statutory provisions giving our 58 county boards of supervisors the authority to designate chambers of commerce as agents of county government, and under this pretense make annual contributions of county taxpayers' money to them under the guise that the money will be used for the purpose of exploiting and advertising the resources of the county.

During the fiscal year 1950–51 a study of the 58 county budgets revealed that over $2¼ million was being voted by the county boards of supervisors to the chambers of commerce, and that city councils throughout the State were appropriating $1 million annually to the same group.

With over $3 million a year of public funds alone, you gentlemen can understand the influence that the chambers of commerce exercise over the political and financial destinies of the State of California.

From 1917 to 1951, a total of nearly $40 million of public funds has been given to the California chambers of commerce. You can understand, then, why it is not unusual to see the Los Angeles Chamber of Commerce making $50,000 donations to the United States Chamber of Commerce for lobbying purposes back here in Washington, D. C.

When Congress first enacted aid to the permanently and totally disabled in 1950, California's Governor at that time, the Honorable Earl Warren, had a bill introduced at a special session of the State legislature to enable the State to get these Federal funds. Even though the counties had their own lobbyists in the form of the County Supervisors Association, the Los Angeles and San Diego County Boards of Supervisors actually entered into a contract to hire the California State Chamber of Commerce to oppose this bill and prevent the State legislature from adopting it.

The State chamber of commerce was successful, and they have repeated their performance up to the present time in blocking this much-needed legislation even though at the 1955 session of the legislature it was shown that California taxpayers have lost an estimated $74 million in Federal funds by failure to adopt such a program.

The permanently and totally disabled in California are classed as paupers and receive an average of $45.12 a month, not a cash payment but representing grocery orders and their rent paid.

Now the chambers of commerce have the unmitigated gall to come before this committee and say that this public assistance program is providing amply for the unfortunate souls who have become disabled. This is not because they like or approve of the public assistance

section, but only because they know if they keep it on the State, and preferably on the county level, they can exercise an iron hand over the lives of these unfortunate citizens.

I think speakers who have preceded me here, such as Mr. Nelson Cruikshank, representing the AFL–CIO labor organization, have done a splendid job of arguing in behalf of this provision. I, therefore, appeal to your sense of justice and fair play in urging that our citizens who become disabled at age 50 or over be given their right to human dignity under the old-age and survivors' insurance program.

As far back as 1946, Congress itself recognized the desirability of making retirement benefits available at age 62, when they voted to establish this as the age at which they might retire. We must bear in mind that the great majority of Members of Congress are men, while the age of 62 asked for in H. R. 7225 is limited to women.

The plight of the elderly women in our society is a pitiful one to behold. I think you will agree with me that the greatest contribution to society is producing children. And yet what consideration do we give to the woman who spends her productive years bearing and raising children? The answer to that is "None." As a result, we find more and more women seeking careers and raising less children. In this way she can assume a less dependent role in society and perhaps receive some compensation for her efforts.

But what of society? If the only recognition we give to wives and mothers is a commercial card once a year on Mother's Day, we're going to pretty soon end up with a handful of nothing. Pretty soon all the men will be working, all the women will be working, and the only little feet pitter-pattering around home will be that of the family cocker spaniel.

Life, with all of its vicissitudes—all of its ups and downs—is hard enough for men to surmount. For women— because of their necessary dependency—it is twice as hard.

Surveys made of those now drawing old-age and survivors insurance benefits have shown that women are at the bottom of the totem pole when the benefits are passed out. For most of them to live, they find it necessary to apply also for State old-age assistance even though it requires subjecting themselves to the harsh means test required by every State.

I sincerely hope that you gentlemen will keep these facts in mind when considering H. R. 7225 and will realize the necessity of including a provision lowering the age from 65 to 62 for women under Title I: Old-age assistance.

It would seem that the public-assistance section of the Social Security Act and those needy people who come under it have been almost entirely forgotten by our Members of Congress. In 1954, Congress granted a $5-a-month increase to all those on old-age and survivors insurance benefits, but failed to make a corresponding increase for those on the public-assistance program.

Since a great many OASI recipients, as I stated earlier, must supplement this income with public assistance to survive, they received no benefit from the $5 increase because the States automatically deducted same from their old-age-assistance checks, under the Federal provi-

sion that "all outside income and resources must be taken into consideration when granting aid."

Needless to say, a righteous howl of disappointment and protest went up all over the Nation. And I'm sure that most of you, as well as other Members of Congress must have had to explain repeatedly why this happened.

In 1952, Congress voted a $5 temporary increase to the aged, the blind, the physically handicapped, and a $3 increase to dependent children. Since then, these poor people have been kept dangling by subsequent temporary extension of these amounts. It is most gratifying to see that a member of this committee, Senator Russell Long, of Louisiana, has introduced an amendment coauthored by 45 other Senators which will right this wrong by increasing old-age-assistance monthly payments by at least $5 per recipient and in some cases as much as $7.50.

Under the terms of the amendment, the Federal Government would match the first $5 of the State contribution with $25 in Federal funds, instead of the $20 as provided by existing law. The Federal Government would then match on a 50–50 basis all additional State contributions up to a total of $65 instead of the $55 matching ceiling as presently provided. Thus a State contribution of $22.50 would be matched by $42.50 of Federal money for a total of $65 to a needy aged person.

Senator Long's amendment contains a "pass along" provision to require that States availing themselves of the new matching formula should not reduce their average contributions per person for the purpose of old-age assistance.

Senator Long has prepared a table which demonstrates the number of persons whose welfare grants would be increased on a State-by-State basis. It also indicates the amount of additional funds that would be made available to each State based on State welfare payments in 1955. I obtained a copy of this table from his office, and since it so well explains the facts, I am including it in my presentation.

Senator Long's amendment is designed not only to benefit those States whose limited finances prevent a decent level of old-age assistance, but as the table shows, States of greater wealth will also benefit immeasurably.

(The table referred to is as follows:)

State	Number of individuals receiving old-age assistance, September 1955	Average monthly payments, September 1955	Amount State would benefit under proposed amendment
Alabama	87,783	$32.67	$5,306,524
Arizona	13,982	55 82	1,181,914
Arkansas	55,072	33.33	3,332,189
California	286,065	65.35	23,443,405
Colorado	52,592	84.84	4,335,355
Connecticut	16,846	86.57	1,477,922
Delaware	1,586	42 57	106,751
District of Columbia	3,076	53.29	245,983
Florida	69,200	46.50	5,333,196
Georgia	98,515	37.94	5,910,900
Idaho	8,677	55.14	706,496
Illinois	93,907	59.96	7,827,809
Indiana	36,188	48.77	2,468,337
Iowa	40,728	57.72	3,300,871
Kansas	33,865	65.25	2,766,006
Kentucky	55,444	35.50	3,326,460
Louisiana	120,452	51.06	7,571,225
Maine	12,530	49.40	993,792
Mayland	10,445	45.61	779,425
Massachusetts	88,300	77.47	7,660,071
Michigan	73,756	56.00	6,075,485
Minnesota	51,578	67.51	4,173,656
Mississippi	70,611	27.85	4,236,660
Missouri	132,444	49.66	7,946,640
Montana	8,950	57.94	748,964
Nebraska	17,666	50.30	1,433,124
Nevada	2,627	57.63	231,995
New Hampshire	6,233	58.99	522,675
New Jersey	20,132	68.53	1,689,152
New Mexico	10,586	32.33	662,695
New York	100,226	78.70	8,359,794
North Carolina	51,765	31.69	3,105,900
North Dakota	8,159	68.60	655,631
Ohio	100,431	58.42	8,689,873
Oklahoma	95,100	61.68	7,848,302
Oregon	19,211	64.64	1,603,993
Pennsylvania	55,677	45.92	4,134,156
Rhode Island	8,075	59.86	657,133
South Carolina	43,281	32.43	2,596,860
South Dakota	10,633	44.91	640,260
Tennessee	64,735	34.80	3,893,820
Texas	223,043	41.71	13,436,460
Utah	9,432	59.82	788,803
Vermont	6,814	48.52	534,604
Virginia	17,263	30.25	1,092,749
Washington	58,289	76.34	5,128,057
West Virginia	23,836	27.70	1,430,160
Wisconsin	42,788	64.14	3,419,253
Wyoming	3,981	58.89	340,656
Alaska	1,661	64.70	144,578
Hawaii	1,792	49.31	132,653
United States	2,552,596	52.50	184,459,372

Mr. McLAIN. While considering Senator Long's amendment, I sincerely trust that the members of this committee will not fail to extend it to that other and much smaller group of recipients under public assistance, the needy blind and physically handicapped. I also urge that the needy children be given an increase of at least $3 per month.

One of the most needless restrictions in the Public Assistance Act is literally handcuffing the old, physically handicapped and needy children by prohibiting them from earning even the smallest amount under threat of having such earnings deducted from their aid grant.

While Congress has already given the needy blind the privilege of earning up to $50 a month without deduction, recipients in the other categories are still restricted and given no incentive to better their lot.

Many aged and physically handicapped people have discussed this with me and told of the extreme mental and physical frustration they feel because of this provision. Even though many of them would be willing to have deductions made because they earned a little money, they know that they cannot completely care for themselves financially and are afraid that if they do complicate their case record for any 1 month by being able to earn a little money, their aid will be cut off and it may take months to have it restored because of the inherent red tape involved.

The various and sundry odd jobs that an aged or handicapped person would be able to do most assuredly would offer no threat to the labor market, and yet just think of the better physical and mental state they would enjoy feeling that they still have some control over the remaining destiny of their lives.

Of perhaps even more importance is the fact that children whose parents receive aid to needy children are forbidden from earning anything. While we are helping the parents of these children to feed and clothe them, most assuredly we should not undo any good being done by discouraging the children from learning self-reliance and trying to better his lot.

Just place yourself in say a 12-year-old child's place. A boy of this age could have a paper route and perhaps supply some of the needed clothing and other necessities that the meager family allowance does not permit. And yet, if he takes the paper route and earns a few dollars, this amount is automatically deducted from the amount of aid. Under such circumstances, he most assuredly would get a jaded impression of working and ambition, I must say, would be pretty much lacking.

Under this restriction, the very people who need encouragement are being, instead, discouraged.

I respectfully urge that this committee give serious and favorable consideration to an amendment to the Public Assistance Act which would correct this inequity by allowing the needy aged and physically handicapped to earn up to $50 per month, and the needy children $30 per month.

One of the most highly publicized legislative measures now being considered by Congress is the farm program; what to do to help the farmer; then what to do about the so-called surplus foods paid for out of tax money.

I say there is no true food surplus. There is only a lack of equitable distribution of America's produce.

If these foods were put into the hands of those Americans who so desperately need them, the unemployed and low-income families, including those on public assistance, the needy aged, the blind, physically handicapped and dependent children, Congress wouldn't have to scratch its collective head so violently about disposition of the vast quantities of surplus foods already amassed.

It would appear that in their dilemma regarding the poor farmer, Congress so far chooses to ignore the one element which could balance the scale of justice, the surplus food stamp program.

Bills creating such a program have already been introduced by a number of distinguished Senators in a bipartisan effort to correct this disgraceful situation.

Under Public Law 480, the Secretary of Agriculture is empowered to donate surplus food to the States for needy persons and public institutions. However, in the many months of operation, because it has been left up to the States to provide funds for the handling of these foodstuffs, this program has only reached approximately 3 million people out of a potential of 16 million who could be declared eligible for this food.

It is unthinkable that this session of Congress would recommend any program for the relief of farmers without incorporating in it an opportunity for our taxpayers to realize some return on their investment by making surpluses available to our own needy citizens.

This is exactly what the Senate Committee on Agriculture and Forestry has done by reporting out the omnibus farm bill without the surplus food stamp program incorporated in it. This has been done, I understand, primarily because the Department of Agriculture allegedly opposes such domestic disposal of surplus food.

I don't believe the American people oppose the generosity our Government has shown in bestowing our surplus food stuffs to the peoples of other countries, but I most assuredly have found that they very much resent this when the needy people of our own country are not even being given equal consideration. "Charity begins at home" is still a pretty good code to live by and especially where feeding the hungry is concerned, I think Congress would do well to practice it by enacting a surplus food stamp program.

The cost of such a surplus food stamp plan should be borne equally by the Department of Agriculture and the Department of Health, Education and Welfare.

Senator Kerr, with 22 coauthors, has introduced a very comprehensive bill, S. 627 which would accomplish this worthy aim. Senator Estes Kefauver had also introduced a bill, S. 3092, which would correct the present abuse.

I urge that these bills be considered and that H. R. 7225 be amended to include the surplus food stamp program.

In summing up my statement, may I urge the adoption by your committee of the provisions as now contained in H. R. 7225, and also that you amend into it the much-needed benefits for those on public assistance under title I, the title IV, title X and title XIV, as follows:

Reduce the age for women on public assistance from 65 to 62; adoption of a surplus food stamp plan; allow the needy aged, the handicapped and disabled to earn up to $50 per month and the needy children, $30; an increase for those on old age assistance, as proposed by Senator Russell Long, and 45 coauthors, as well as a like increase for the needy blind, physically handicapped, and a $3 increase per month for needy children.

With your permission, Mr. Chairman, following my statement, I would like to have inserted in the record statements in support of my arguments from various groups throughout the Nation, including house resolution No. 25, just adopted unanimously by the Alabama State Legislature. These statements are from the following groups:

Alabama Federation of Old Folks, Inc.; Alabama Old Age Pension Union, Inc.; Old Age Pension Association, Inc., of Alabama; Arkansas Federation of Old Folks, Inc.; National Pension Federation, Inc., Washington, D. C.; Old Age and Public Assistance Union of Illinois;

American Golden Age Pension Clubs of Illinois; The Wednesday Progressive Senior Citizens Club of Illinois; Senior Citizens and Associates of America, of Massachusetts; National Old Age Pensions, Inc., of Massachusetts; The National Constitutional Council of America, of Massachusetts; The Missouri Social Welfare League; United Action Committee of Senior Citizens, of New York; Welfare Federation of Oklahoma; Friends of the Aged, Inc., of Oregon; Harvey's Monthly Pension Newsletter, of Oregon; U. E. Locals 506 and 618 Pensioners' Association of Pennsylvania; Texas United Pension Association; the National Federation for Old Age Security, Inc., of Washington, and the California Institute of Social Welfare.

Thank you for your most kind attention and consideration.

(The material referred to is as follows:)

In the Legislature of the State of Alabama, Special Session, 1956, Printed No. 14

HOUSE RESOLUTION No. 25

By Mr. Kelly

This is to certify that this resolution was adopted by the Alabama House of Representatives on the 7th day of February 1956.

R. T. GOODWYN, Jr., *Clerk.*

HOUSE RESOLUTION

Be it Resolved by the House of Representatives of the Legislature of Alabama:

1. That the House of Representatives of the Legislature of Alabama hereby lends its endorsement to House Resolution 7848, introduced in the House of Representatives of the United States Congress by Representative James Roosevelt (Democrat, California), which calls for a sweeping overhaul of the public assistance section of the Federal Social Security Act, the making available of additional Federal funds for public assistance purposes, and the requirement of uniformity in the public assistance laws of the 48 States by the establishment of a single standard of qualifications for the applicants and recipients of such assistance.

2. That the house of representatives of the legislature also endorses House Resolution 7225, introduced in the House of Representatives of the United States Congress by Representative Jere Cooper (Democrat, Tennessee) and sponsored by the majority of the House Ways and Means Committee, which calls for the payment of disability benefits to workers at age 50, and to disabled children over 18; the lowering of the eligibility age for widows, wives, and women workers from 65 to 62; and extension of the coverage of the Federal Social Security Act to include certain classes of professional people. This will bring millions of Federal money to Alabama for the widows, children, handicapped, and the aged, which they would not get otherwise, if 7848 and 7225 become law.

3. That the clerk of the house of representatives transmit duly authenticated copies of the resolution to each of the following: George McLain, chairman of the Old Folks Lobby, Hotel Congressional, 300 New Jersey Avenue SE., Washington 3, D. C.; Representative James Roosevelt; Representative Jere Cooper; each member of the Alabama delegation in the United States Congress; the Clerk of the United States House of Representatives; the Secretary of the United States Senate; and the Honorable James E. Folsom, Governor of the State of Alabama; and that the Clerk of the house also transmit a copy of this resolution to the members of the press, and cause a copy to be spread on the journal of the House of Representatives of the Legislature of Alabama.

STATEMENT OF C. A. STRONG, PRESIDENT, ALABAMA FEDERATION OF OLD FOLKS, INC., IN SUPPORT OF H. R. 7225, ETC.

Mr. Chairman, my name is C. A. Strong. I am president of the Alabama Federation of Old Folks, Inc., whose address is P. O. Box 1145, Birmingham 1, Ala. The Alabama Federation of Old Folks, Inc., respectfully urges the adoption of H. R. 7225. In our opinion the proposed legislation corrects many inequities and brings many needed benefits to a group of our most needy people.

But, gentlemen, much as we favor the provisions of H. R. 7225, we sincerely hope that the Members of the Senate and this committee will realize that it only does half the job, that it leaves undone much which not only needs to be done but should have been done many years ago. Therefore, we urge the adoption of the following amendments to H. R. 7225.

These amendments are:

1. Reduce the age for women on public assistance from 65 to 62 at the same time that reduction is made for OASI recipients.

The adoption of this provision will bridge a hard spot in our assistance program and alleviate many hardships that fall the hardest on the women, because of the lower employable age for women and that there are more women in that age group than men.

2. Adopt a surplus food stamp plan to make Federal surplus food available to all of our low-income people. We feel that it is most proper to use our surplus food to care for our own needy people; then if there is more, use it for other lands.

3. Adoption of the amendment just introduced by Senator Russell Long, of Louisiana, for $10 a month increase for those on OASI. Also that the needy blind and physically handicapped be included in the raise and that needy children be given a $3 per month increase.

4. Let the needy aged and physically handicapped earn $50 per month without threat of deduction from their assistance grant and allow needy children to earn $30 a month to supplement their assistance grants.

Here in the South where per capita incomes are low, public-assistance grants are meager, the above amendments will be of great assistance to the needy. For example, here in the State of Alabama OASI State average payments are about $33 a month, which allows only $17.10 for food, and due to harsh restrictions the recipients are forced to exist on this amount. If they supplement these meager grants they are penalized either by a reduction in their grants or cut off the welfare rolls altogether. Then there is no general assistance program to aid those under 65 who are not permanently disabled, even though they may not be able to find employment.

We sincerely hope that you gentlemen will alleviate this condition through proper legislation.

TABLE 1-A.—*Individual requirements for old-age assistance applicants and recipients*

	Monthly cost
Total basic requirements	$60.00
Basic requirements:	
Food	28.50
Clothing	8.00
Medicine chest supplies	1.00
Household supplies and equipment	6.00
Fuel	5.00
Lights	2.50
Water	2.00
Incidentals	7.00

NOTE.—In addition to the above allowances, the basic item of shelter is budgeted on as-paid cost basis up to a maximum of $30 per month. These figures are for an adult living alone or living in household with persons other than recipients and with no person included in his budget. However, under the 60-percent basis, rent would be paid on as-paid cost basis up to $18.

Source: Alabama Public Assistance Manual, pt. 1, May 1955.

Individual requirements for old-age assistance applicants and recipients

	Monthly cost	60 percent
Total basic requirements	$60.00	$36.00
Basic requirements:		
Food	28.50	17.10
Clothing	8.00	4.80
Medicine chest supplies	1.00	.60
Household supplies and equipment	6.00	3.60
Fuel	5.00	3.00
Lights	2.50	1.50
Water	2.00	1.20
Incidentals	7.00	4.20

NOTE.—According to Dr. J. S. Snoddy, commissioner, State department of pension and security:

"At the beginning of the 1954–55, the basis standard were the same for all categories. Also at that time, payments to all federally matched categories but dependent children were at 100 percent of budgeted unmet need up to the $55 Federal monthly maximum. The standards, however, were low—for example, the monthly food allowance for all adult was $18.30 with total basic essentials, exclusive of rent, about $32."

"When it was known that the increase in the number of eligible old persons under the new regulations was greater than the amount of new funds to be received during the year, it was necessary to cut payments in August. The reduction was made on a percentage basis. Instead of paying 100 percent of need (determined by the new standards) up to the $55 maximum, the Department began paying 60 percent. Because need was determined on a more liberal basis for this group, however, individual average payments were higher at the year's end than when based on 100 percent according to the more restricted laws and policies."

It should be noted, that under the old restricted budget the recipient received $18.30 for food. Whereas, under the Dr. Snoddy liberal budget the recipient gets only $17.10. Which is $1.20 less than received under the old budget.

STATEMENT OF J. H. KELLY, PRESIDENT, THE ALABAMA OLD AGE PENSION UNION, INC., IN SUPPORT OF H. R. 7225

Mr. Chairman, my name is J. H. Kelly. I am president of the Alabama Old Age Pension Union, Inc., with State headquarters at Birmingham, Ala.

The Alabama Old Age Pension Union, Inc., respectfully urges the adoption of H. R. 7225. Our organization urges you to adopt the following amendments to H. R. 7225:

(1) Reduce the age for women on public assistance from 65 to 62 at the same time that reduction is made for OASI recipients.

(2) Adoption of a surplus food stamp plan.

(3) Adoption of the amendment just introduced by Senator Russell Long, of Louisiana, for $10 a month increase for those on old age assistance. We also urge that the needy blind and physically handicapped be included in this raise and that needy children be given a $3 per month increase.

(4) Let the needy aged and physically handicapped earn $50 per month without threat of deduction from their assistance grant and allow the needy children to earn $30.

Considering the times, the economy and the needs of the people of this country the provisions of H. R. 7225 are long overdue, we also feel that H. R. 7225 should be amended as stated above, to benefit those on public assistance. The depression of the early thirties proved that people can be needy through no fault of their own. The peculiarities of life have taken financial independence away from many thousands of our pioneer men and women. As a matter of right the mature years of our citizens should be provided with financial protection in keeping with dignity and good health.

What right thinking person can argue against lowering the eligibility age for women for old-age and survivors benefits and public assistance from 65 to 62. The dependency rate for women is one and one-half times greater than that of men. The higher dependency rates derive from many factors. Most women concentrate on managing the home rather than outside employment and because of limited employability they require public assistance at an earlier age.

United States surplus food stamp plan such as Senator Robert Kerr, of Oklahoma, and other Senators have introduced should be adopted. This would supplement the income of unemployed and low income groups including those on public assistance. This type plan would help the farmer, reduce farm surpluses and establish a higher standard of diet for the needy; also the American public would then receive a return on their tax dollar invested in the surplus food program.

Due to the great increase in the cost of living we urge the adopting of the amendment introduced by Senator Russell Long, of Louisiana. This would give an increase of $10 a month for those receiving old-age assistance. We urge that the needy blind and physically handicapped be included in this raise and that needy children be given at least a $3 per day increase.

The needy aged and physically handicapped under present laws imposed by Congress are prohibited from earning even the smallest amount under the threat of having such earnings deducted from their aid payment. They should be allowed to earn up to $50 per month without threat of deduction from their assistance grant. Needy children should be allowed to earn at least $30 per month. Work is the first line of defense against hunger and want. People should have the opportunity to obtain their own means of livelihood through their own efforts. They should be encouraged to better their lot instead of being forced into idleness.

OLD-AGE PENSION ASSOCIATION, INC.
Gadsden, Ala., February 23, 1956

RESOLUTION TO CONGRESS FOR AMENDMENTS TO THE FEDERAL SOCIAL SECURITY ACT AND FOR SURPLUS FOOD STAMPS

Whereas the present Federal old-age and survivors insurance benefits are inadequate to meet even minimum needs of the American workers and their dependents: Now, therefore be it

Resolved, That the OASI minimum benefit payment of $30 a month be increased to a more realistic figure and that the scale of payments be increased accordingly.

Whereas H. R. 7225, introduced by Congressman Jere Cooper and sponsored by the majority of the Ways and Means Committee, calling for disability benefits for workers at age 50; disabled children over 18; age for widows, wives and women workers—lowered from 65 to 62 and coverage of the Social Security Act extended to include certain professional people, etc.; and

Whereas H. R. 7225 passed the House by a large majority and is now in the Senate Finance Committee: Now, therefore be it

Resolved, That H. R. 7225, be endorsed and given complete support.

Whereas a study of our Nation's public assistance laws dealing with the needy aged, the blind, physically handicapped and dependent children reveals a grave lack of stability and of uniformity between States as to the amount paid and the qualifications for receipt of such aid; and

Whereas Congress, in 1935, did require uniformity of administration, they badly neglected to establish human standards of need which has permitted the States to impose conditions that deprive recipients of their humble right to human dignity, and

Whereas Congressman James Roosevelt has introduced H. R. 7848, calling for a sweeping overhaul of the public assistance section of the Federal Social Security Act; and

Whereas, H. R. 7848 makes available additional Federal funds and requires the laws of the 48 States to be uniform by establishing a single standard of qualifications for the applicants and recipients—below which no State shall go: Now, therefore be it

Resolved, That H. R. 7848 be endorsed and given complete support.

Whereas Government warehouses, etc., are packed with billions of dollars worth of United States surplus foods of all kinds and description; and

Whereas according to the realistic facts and the teaching of the word of the Lord, there really is no true food surplus; there is only a lack of proper and equitable distribution of God given American produce; and

Whereas these surplus foods because of lack of proper distribution have endangered the economy of our Nation: Now, therefore be it

Resolved, That United States surplus food stamps be created and portioned out to the unemployed and low-income groups to supplement their income, including those on public assistance and general relief so that the American people will receive in return on their tax dollars invested in this surplus food program; and be it further

Resolved, That Members of Congress be urged to increase the Federal old-age and survivors insurance payments; Enact H. R. 7225, and H. R. 7848, and a United States surplus food stamp program.

Attested to by

MRS. T. J. CLEVELAND,
Secretary.
GEORGE WILLIAM BEASLEY,
President.

ARKANSAS FEDERATION OF OLD FOLKS, INC.,
February 24, 1956.

To the Senate Finance Committee in Support of H. R. 7225.

Mr. CHAIRMAN: My name is Forrest Jeffery; I am secretary and treasurer of the Arkansas Federation of Old Folks, Inc., whose address is Batesville, Ark., Postoffice Box 808.

The Arkansas Federation of Old Folks, Inc., respectfully urge the adoption of H. R. 7225.

(1) It is very necessary that the age limit of women be reduced from 65 to 62 years of age. The same reduction is very important that the OASI, Our American form of government which serves one section of its people and deals injustice to another section of people, will soon be failing to recognize the needs of the worthy handicapped and aged citizens, and will not long hold high the banner of justice to all.

(2) The amendment offered by Senator Russell Long of Louisiana to increase the aid to the States to 10 more dollars, would make it possible for the States to pay the worthy aged up to $65 monthly grants.

(3) With millions of dollars of surplus foods going to foreign countries our needy people need more at home, and to adopt the surplus stamp plan by Senator Kerr of Oklahoma will help a lot.

(4) Make it possible that the aged group when able to work may earn after they have reached the age limit and not be dropped from the assistance grants. This to apply also to the dependent children and to raise their positions as citizens to where it should be, and not class them as paupers, unworthy, and slaves to our great country.

(5) The old people of our country will not exist much longer as citizens after spending their lives doing their duty to this country, living in want while billions of dollars of our money is poured out to the foreign countries who care for us only for our gifts.

Sincerely yours,

FORREST JEFFERY, *Secretary and Treasurer.*

STATEMENT ON PENSIONS BY L. W. LEWIS, FIRST VICE PRESIDENT, NATIONAL PENSION FEDERATION, INC., WASHINGTON, D. C.

Hon. Harry Byrd and worthy committee, My deepest concern is that in a democracy such as ours, we have so many classes of citizens. It is not of their own choice, but they are victims of circumstances which we have failed to correct or have closed our eyes to their plight.

We are slowly letting a small percent of our people starve to death. I would bring to your attention the people 65 years of age, or over, who were forced to retire early, and only received the minimum amount of social security, and the few old folks that are with us that never had a chance to pay into social security.

Most of these citizens have had homes of their own, possibly a little savings but they have lived up their savings. These folks have worked, raised families and paid taxes the same as we have. Now for more reasons than one they are without enough income to exist on this earth and still we refuse to consider their plight. We force them to be humiliated and become paupers by subjecting them to investigators. We confiscate their property, if they have any left, in order to get barely enough for an existence from the local welfare. That is not all; we put them on parole by investigating them every month thereafter.

These people deserve better treatment. I beg and urge this worthy committee to correct this condition. I realize that if we get any improvement to the Social Security Act, it will be by the way of the Cooper bill H. R. 7225 as it was passed by the House in the first session of this Congress.

I understand there is over $22 billion in the social security treasury, also we are taking in over $6 billion per year in taxes for this purpose and only paying out $5 billion per year to the old folks. Therefore, I urge each one of this worthy committee to take serious thought and consideration of bills H. R. 446, H. R. 4236, H. R. 2038 which call for all people 65 years of age, or over, to be included in the Social Security Act, and make the minimum payments for each person at least $100 per month.

I believe this can be done even if the Government would have to divert the money which the Federal Government matches down through the State and county governments for old-age assistance. Thereby saving the cost of bookkeeping by the State and county governments and also the cost of investigators.

I think you for permitting me to testify before your worthy committee and hope you will seriously consider this recommendation as an amendment to the Social Security Act and recommend it to Congress as a whole, to enact it as a law of our land.

STATEMENT OF AL PLUMMER, PRESIDENT, IDAHO PENSION UNION, INC., IN SUPPORT OF H. R. 7225, ETC.

Mr. Chairman, my name is Al Plummer. I am president of the Idaho Pension Union, Inc., whose address is 512 West Spokane, Coeur d'Alene, Idaho. The Idaho Pension Union, Inc., respectfully urges the adoption of H. R. 7225 with added amendments.

Welfare legislation is one of the issues that has been permitted to lag far behind in our steadily developing economy. This has resulted in a lack of proper diet, insufficient clothing, medicine, etc., for a large part of our people and has partly contributed to the accumulation of surplus products.

Dissatisfaction and unrest expressed by dissident groups has provided political opportunists with a weapon for infringment and outright destruction of political rights. Your committee possesses data on the amounts of the accumulated surplus far more accurately than we could provide. This session of Congress provides an opportunity to partly relieve this sadly neglected state of affairs.

Some very material steps must be taken to put to use the accumulating products especially those our agricultural industry is producing.

Amendment 1.—A substantial allowance through the adoption of a surplus food stamp plan can be a first contribution.

We were informed some months ago that over 30 bills relating to food stamps had been introduced in the House. Dissatisfaction of the people over unsatisfactory distribution of surplus foods no doubt contributed to this situation.

The National Farmers Union has recommended a plan whereby all families having an annual income of less than $2,000 would be benefited up to the value of $500 worth of surplus agricultural products through the issuance of food stamps.

We recommend the adoption of this plan.

Amendment 2.—Reduce the age for women on public assistance from 65 to 62 at the same time that reduction is made for OASI recipients.

The agencies reporting on unemployment prove that the number of young, able, and willing people, both men and women, are out of the field of industrial employment and are drawing unemployment compensation. If the age for eligibility for public assistance were reduced to 60 for both men and women; the jobs now held by people over 60 would be available for younger people. The amount expended for unemployment compensation would be materially reduced and more senior citizens would enjoy leisure in their declining years.

The age reduction for women on public assistance from 65 to 62 is a very mild amendment to be made at this time.

Amendment 3.—We recommend adoption of the amendment just introduced by Senator Russell Long of Louisiana for $10 a month increase for those on old-age assistance. We also urge that the needy blind and physically handicapped be included in this raise and that needy children be given a $3 per month increase.

Amendment 4.—Work has become a pattern of life for nearly everyone. To deny remunerative employment when they become eligible for public assistance is both cruel and unjust. By all means, the needy aged and physically handicapped should be permitted to earn $50 per month without deductions from their assistance grants and to allow needy children to earn $30 per month.

The adoption of H. R. 7225 is needed now. It will help bolster our sagging economy. It will act as a buffer against an economic crash such as happened in 1929 and which can happen again. We should not wait as we did in 1929 but prepare in advance.

By passing this bill we can move a step forward in solving our problem of farm surplus and also raising the living standard of our low income groups.

The provisions of this bill are not adequate to meet the needs of the people or of fully taking care of our surplus but we recommend that the committee report this bill out with a favorable vote for passage in the Senate and then consider the bill H. R. 7848 introduced by Representative James Roosevelt and Senator Estes Kefauver.

STATEMENT OF WARREN LAMSON, PRESIDENT, OLD AGE AND PUBLIC ASSISTANCE UNION OF ILLINOIS, IN SUPPORT OF H. R. 7225, ETC.

Mr. Chairman, my name is Warren Lamson. I am president of the Old Age and Public Assistance Union of Illinois, whose address is 6340 South Bishop Street, Chicago, Ill.

The Old Age and Public Assistance Union of Illinois respectfully urges the adoption of H. R. 7225 and suggests several additions or amendments which we believe your committee should consider and which are desperately needed.

1. Relating to disability insurance benefits. I myself and some other members of our organization—as well as still others—have been disabled some years before reaching the age of 65 years. Meantime we had the problem of living at the same time the benefits specified under old-age survivors insurance, declined.

2. Disabled children would receive benefits after 18 years of age. At present such children receive no consideration. They are, even though needy, removed from aid to dependent children at 18 years of age. We have some member families which are faced with this problem.

3. Lowering the age for eligibility for women—widows, wives, and employed women workers. Such women, that is over 62 years of age, have great difficulty in earning a living. In fact women of many less years have great difficulty. Lowering the age from 65 to 62 years certainly seems desirable.

4. The extension of coverage to certain professional people is something that would be welcomed by many.

Gentlemen of the committee, we live in an era hardly foreseen by the average citizen some few years ago or we are sure that steps would have been taken to meet the needs of our people.

Gentlemen, in reporting favorable on H. R. 7225, much will have been done to bring title 2 of the Social Security Act into line with the requirements of modern life. However, this still leaves our already aged and others who receive various forms of public assitance, under another title of the act, unaided. Their plight is often very sad.

Gentlemen, we urge that the committee give consideration to the sad state of our people who need improvements in the public-assistance provisions of the Social Security Act. I submit a few of the measures which would greatly ease some of the burning necessities which now beset our people receiving public assistance.

1. Reducing the age for women to be eligible for old-age assistance from 65 to 62 years. The same reasons apply as would in relation to those receiving old-age survivors insurance benefits, except that the issue is even more pressing.

2. Adoption of a surplus food stamp plan for people of low income and those receiving old-age survivors insurance or any form whatever of public aid. The need for this wise provision is apparent. It is needed, now, in Illinois, by the aged, blind, disabled, and dependent children.

These, in Illinois, must now meet all living needs, apart from rent, on sums ranging from a low of $21.40 to $39.30 a month, the latter and larger figure being that allowed a blind man. Surplus food stamps would ease their critical plight, benefit the farmers who grow this food and aid in solving one of our Nation's great problems.

3. We are informed that Senator Russell Long has proposed a $10 a month increase be provided for those receiving old-age assistance. Might we say that we feel that our physically handicapped should be included in this consideration; also that the needy dependent children should be given at least a 10-cent a day increase or $3 a month.

Such an increase if recommended and granted should be protected by a clause that would prohibit any State from deducting the same from State grants, or it will be certain that deductions or revisions of budgetary systems will be devised to the same end.

4. It seems wise to us that such needy aged and physically handicapped, as are able to do so, should be not only permitted, but encouraged to earn up to $50 a month without any possibility of deduction from their State grants and that needy children should also be permitted, and encouraged to, earn up to $30 a month.

The reasons for this are apparent. It keeps the aged and disabled, who are able to participate, in better physical and mental health and learns children the value of both money and work at a time when delinquency should be combatted.

Gentlemen of the Senate Finance Committee, our old people are not permitted to earn, or to rent a room, if they have one, without this sum being deducted from their State-assistance grants. Even a blind woman who strives to keep afloat and who rents a room has this rental deducted, and is told that the earned income permitted in the law refers to outside work. Certainly no money is earned in a harder manner than in scrubbing, keeping bathrooms clean and generally caring for a rented room. They are allowed nothing for carfares, recreation, etc., which means that they are not only shelved and forced into idleness productively, but are in general prisoners of their house or rooms, without means of transport to such places as they might employ or entertain themselves. They seldom ever see a moving picture, can't get magazines, except old discarded ones. Usually use some or most of their clothing money to buy food, and so do not purchase much clothing. In short they are "shut-ins," shut in by State laws and regulations.

STATEMENT OF VEY R. BULAND, STATE EXECUTIVE SECRETARY AMERICAN GOLDEN AGE PENSION CLUBS OF ILLINOIS, INC., IN SUPPORT OF H. R. 7225, ETC.

Mr. Chairman, my name is Vey R. Buland. I am State executive secretary of the American Golden Age Pension Clubs of Illinois, Inc., whose address is 413 Park Street, Rockford, Ill. The American Golden Age Pension Clubs of Illinois, Inc., respectfully urges the adoption of H. R. 7225, because we of Illinois see the most urgent need to improve the public assistance section of the Federal Social Security Act. In other words, we feel that the high standard of living in our Nation today demands a change, and an improvement of the laws. Recipients under the public assistance section of the Federal Social Security Act have been most shamefully neglected, especially the old people. They cannot live adequately on the assistance provided for them. One cannot conceive how an individual can live on $27 (in cases here in Illinois, less than $20), $37, yes, even $70 per month. People working in business, and industries earn more than $70 and it takes it all to live today.

We believe the lien law to be most unjust. Why should one person be required to place a lien on property as a condition to receive aid, when another person who has never owned property can and does receive the same amount of aid?

The relative's responsibility law, or support law, is shameful, and a disgrace. Can one imagine that such a law could be conceived and passed. It breaks homes, separates parents and children. Our Nation is based on a complete home and family. Such a law destroys one of the great principles of our Nation.

To force our aged people to dispose of what they have, insurance and etc., to declare themselves paupers, is beyond all sound reasoning. We are fighting all kinds of isms in the world, but at home, causing the one to exist, which is the factor that causes those we fight abroad. Well-fed, well-housed, and well-clothed people, are a happy contented people with no desire to work for un-Americanisms.

We, in Illinois, believe in an adequate income for our aged citizens, without pauperism, or means test, lien law, and relative's responsibility law, and full medical care, and care in properly supervised convalescent homes for those who must be placed therein, and for the general welfare of all those who must be under the public assistance section of the Federal Social Security Act.

We believe that children, and those in middle life who are disabled and unable to support themselves, should have their disability benefits extended.

We believe in a more complete coverage of groups, because there are so many in all groups, who have in years gone by lost heavily, and now can never accumulate enough of a fortune to retire on, without some assistance.

Thus we give our full support to H. R. 7225, and the amendments, with the following reasons,

1. Because of the forced retirement of women at too early an age.
2. Because we feel the surplus foods should first be used at home for our own needy people.
3. Because we are most definitely for an adequate increase for those on old age assistance.
4. Because of the right to earn extra funds without the threat of losing what is already an inadequate amount.

Our people over the years of 65, are our most important citizens. They are our largest group of voters. It is they who through their labors and paying taxes, that has made our Nation what it is today. Let us put the aged citizens back in their rightful place, as the American citizens they were, that they can enjoy the fruits of their labors. It is they who can still give to us this day knowledge and wisdom they learned through experience.

Abolish fear, hunger, and pauperism, and only Americanism can survive in our Nation.

RESOLUTION TO ALL ILLINOIS MEMBERS OF CONGRESS, 1956

Whereas the present Federal old age and survivors insurance benefits are inadequate to meet even medium needs of the American workers and their dependents: Now, therefore, be it

Resolved, That the OASI minimum benefit payment of $30 a month be increased to a more realistic figure and that the scale of payments be increased accordingly.

Whereas, House Resolution 7225, introduced by Congressman Jere Cooper and sponsored by the majority of the Ways and Means Committee, calling for disability benefits for workers at age 50; disabled children over 18; age for widows, wives, and women workers—lowered from 65 to 62 and coverage of the Social Security Act extended to include certain professional people, etc.; and

Whereas H. R. 7225 passed the House by a large majority and is now in the Senate Finance Committee: Now, therefore, be it

Resolved, That House Resolution 7225, be endorsed and given complete support.

Whereas a study of our Nation's public assistance laws dealing with the needy aged, the blind, the physically handicapped and dependent children, reveals a grave lack of uniformity between States as to the amount paid and the qualifications for the receipt of such aid; and

Whereas Congress, in 1935, did require uniformity of administration, they neglected to establish humane standards of need which has permitted the States to impose conditions that deprive recipients of their right to human dignity; and

Whereas Congressman James Roosevelt has introduced H. R. 7848 calling for a sweeping overhaul of the public assistance section of the Federal Social Security Act; and

Whereas H. R. 7848 makes available additional Federal funds and requires the laws of the 48 States to be uniform by establishing a single standard of qualifications for the applicants and recipients—below which no States shall go: Now, therefore, be it

Resolved, That H. R. 7848 be endorsed and given complete support.

Whereas Government warehouses, etc., are packed with billions of dollars of United States surplus foods of all kinds and description; and

Whereas there is no true food surplus, there is only lack of equitable distribution of American produce; and

Whereas these surplus foods because of lack of proper distribution have endangered the economy of our Nation: Now, therefore, be it

Resolved, That United States surplus food stamps be created and portioned out to the unemployed and to low income groups to supplement their income, including those on public assistance and general relief so that the American people will receive a return on their tax dollars invested in this surplus food program; and be it further

Resolved, That Members of Congress be urged to increase the Federal old age survivors insurance payments; enact H. R. 7225, H. R. 7848, and a United States surplus food stamp program.

Name of organization: The Wednesday Progressive Senior Citizens' Club.

Signature of officers:

MRS. LELA VANCE, *President*,
M. MILLER, *Vice President*,
O. TIMS, *Secretary-Treasurer*,
C. ELDER, *Recording Secretary*,
DAVID I. JOHNSON, *Club Supervisor*.

STATEMENT OF CHARLES C. O'DONNELL, PRESIDENT, SENIOR CITIZENS AND ASSOCIATES OF AMERICA, TO THE SENATE FINANCE COMMITTEE IN SUPPORT OF H. R. 7225, ETC.

Mr. Chairman, my name is Charles C. O'Donnell. I am president of the Senior Citizens and Associates of America, whose principal meeting place is Tremont Temple, 82 Tremont St., Boston, Mass. Direct mail address, Post Office Box 42, East Lynn, Mass. The Senior Citizens and Associates of America respectfully urges the adoption of H. R. 7225 with four of the following amendments.

H. R. 7225 in its present form will be of material assistance to hundreds of thousands of our fellow Americans and in our estimation, will increase the purchasing power of the beneficiaries. Circulating wealth is the lifeblood of any nation. Our beloved country is now facing a period of underconsumption, due to the fact that millions of our countrymen are hardly able to purchase more than the bare necessities of life. Underconsumption creates overproduction which is a greater threat to our national economy than any foreign foe.

In urging the adoption of the four following amendments to H. R. 7225, we respectfully call to your attention that we believe it is absolutely necessary to further liberalize public assistance.

(1) Reducing of the age for women from 65 to 62 for eligibility for old-age assistance will relieve a hardship that especially women in this age bracket are suffering. In the Commonwealth of Massachusetts the only employment opportunities for women over 60 years of age, are in the shoe factories (if they are experienced workers) and in a few plants engaged in the manufacture of electrical appliances. In most cases the wife is younger than the husband and a majority of the large plants in our Commonwealth are retiring their employees at 65 years. The husband in these cases receives his social-security payments and in some cases it is supplemented by a factory pension. These both combined are insufficient for the couple where the wife is not eligible for social security, to enable this family group to maintain a standard of living compatible with the American way of life.

(2) The adoption of a surplus food stamp plan will not only help to solve the problem of putting to good use the surplus foods now in our warehouses but will also provide an opportunity for the needy to enjoy a little more of the necessities of life. We find now that in many cases the reason why such a high percentage of those receiving public assistance need medical attention is that they are undernourished. The cost of providing medical needs in our Commonwealth is almost one-third of the entire cost of our welfare program. A healthy nation is a happy one. Additional food supplies for the needy will be wise economy in the long run.

(3) We further urge the adoption of an amendment that will provide for a $10 monthly increase for those receiving old-age assistance, the needy blind and physically handicapped and also that needy children be given $3 per month increase. The Commonwealth of Massachusetts ranks fourth in the Nation for old-age assistance payments but still our less fortunate elders, the needy blind and the physically handicapped can hardly keep body and soul together on what they are now receiving. Many of them never know what it is to have a taste of fresh meat unless they are invited out to visit some relative or friend for a meal. Undernourishment is a serious menace to good health and is a breeding bed for disease

(4) The adoption of an amendment that will allow the needy aged and physically handicapped to earn at least $50 per month without the threat of a deduction from their assistance grant, will increase the purchasing power of

those who come under this category. The best way to relieve underconsumption or overproduction, whichever you wish to call it, is through consumption. Everyone is happier when they have something to occupy their minds and hands. There never was a more truthful saying, "An idle mind is the Devil's workshop." Needy children should be allowed to earn at least, $30 a month in certain part-time employment that does not conflict with the educational or labor laws of our Nation and the various States. Idleness among our younger generation is one of the reasons for juvenile delinquency.

The opinions that I have expressed in this letter are based on 31 years of experience in coming in direct contact with the needy aged and other less fortunates as an independent individual and not a public employee or social worker.

Thanking your honorable body for this opportunity to express my opinions on these vital questions and also for the great progress that our Nation has made in humanitarian legislation, I remain with kind personal regards.

CAMBRIDGE, MASS., *February 17, 1956.*

GEORGE H. MCLAIN,
President, National Institute of Social Welfare,
Washington, D. C.

MY DEAR GEORGE: I deeply regret that I cannot speak before the Senate Finance Committee, during the present hearings on old-age-pension measures, due to my schedule of classes at Mount Ida Junior College. You have my full authority to represent me, as president of National Old Age Pensions, Inc. of Massachusetts.

In many other hearings I have appeared in person before the committee as well as before the House Ways and Means Committee. I do not approve of lengthy statements, as I feel that important committees of the Congress like to have only salient points brought to their attenion.

Will you kindly, herefore, include this letter in your argument and say to the committee that I have discussed your proposals for amendments to H. R. 7225 and they meet with the full approval of my officers and members.

At the same time, please extend to the chairman and members of the committee, my deep appreciation of their many courtesies to me, during the years, as the social security of our elderly citizens has widened and become an integrated part of our great democratic process.

Cordially yours,

WILLIAM H. MCMASTERS,
President, National Old Age Pensions, Inc.

STATEMENT OF JOHN F. ARCHDEKIN, PRESIDENT, MISSOURI SOCIAL WELFARE LEAGUE, INC.

Gentlemen of the committee, my name is John F. Archdekin. I am president of the Missouri Social Welfare League, Inc., whose address is 506 East Kansas Avenue, St. Joseph, Mo. The Missouri Social Welfare League, Inc., respectfully urges the adoption of H. R. 7225.

I would call your attention first to the amendment to the Public Assistance Act, H. R. 7225, as passed by the House. This lowers the age of women recipients from 65 to 62. Women have traditionally assumed a more dependent economic role in our society, concentrating on home management rather than outside employment. Because of limited employability, they require public assistance at an earlier age. This is confirmed by the fact that there is a larger concentration of women at the younger age levels of 65 years. Three-fifths of women recipients are widows. In the event that the age limit is lowered to 62, approximately 800,000 women, everyone of whom is worthy of consideration, will be added to the rolls.

Our organization respectfully urges the adoption of this amendment.

We will call the attention of the committee to the huge surplus of food products which are said to be in storage and owned by the Government. We believe that a large part of this surplus is due rather to underconsumption rather than overproduction. There are huge numbers of people on public assistance who do not have funds to purchase sufficient food for their needs. This food has been purchased by the Government with money derived from taxes. Taxes are paid by everybody in the United States. It follows, therefore, that this food

belongs to everyone. Instead of giving it away to people in other countries or selling it to other countries at a loss, the sensible plan would be to distribute it to the needy recipients of old-age assistance and all other persons receiving public aid.

There are at St. Joseph, Mo., 12 huge piles of wheat owned by the Government and this wheat is piled on the ground, most of it for more than 2 years, where it has deteriorated to the extent that it is unfit for stock feed, let alone human consumption. Here we have 12 million bushels of wheat which could have been used for the benefit of the worthy, needy people. I cite this as an instance in my hometown and there are huge accumulations of wheat in other places.

There is at Atchison, Kans., just 25 miles down the river from St. Joseph, a huge cave, miles in extent formed by the excavation of stone. This cave is filled to overflowing with such products as eggs, dairy products of all kinds and all other kinds of perishable food products held there in cold storage.

I recommend to your most earnest consideration the amendment to H. R. 7225, the plan of distribution of these products to worthy recipients of public assistance by means of food stamps or some similar means in use during the years of the late war.

In conclusion I respectfully urge the committee to adopt this amendment.

I would direct your attention to the amendment proposed by Senator Long of Louisiana, increasing the Government grant to public-assistance recipients in the amount of $10 per month. The present allotment by the Government to the Missouri recipients is $35 per month where the recipient receives a grant of $55 a month. It is plain to this committee that $55 per month is not sufficient to maintain a decent standard of living during these times. Great numbers of recipients do not receive the full $55 per month allotment. The committee can only imagine the misery of their existence. I believe that this situation holds good all over the United States. There are approximately 14 million people 65 or over living in the United States. These people have borne the burden of our Nation by rearing families, performing the work, paying taxes and fighting the wars of our country. It is the sense of our organization that these people should receive just consideration.

In the State of Missouri, there are 4,000 blind people, who are receiving an allotment of $60 per month. I ask this committee to consider how a blind person who requires special care can exist on this small allotment. In making this statement I refer also to the blind people of every State in the Union. I respectfully urge the adoption of the Long amendment.

Another amendment before this committee is the proposed amendment allowing the aged and physically handicapped to earn $50 per month without having any part of it deducted from their allotment. Great numbers of recipients in all the different classes of assistance could earn various amounts of money doing odd jobs but are prevented from doing so by the laws set up the Government and by the codes of various States. Many people are thus forced to pass their time in idleness when they might otherwise be employed.

I will observe at this time that the regulations of the Department of Health, Education, and Welfare are too rigid and that they must be liberalized to obtain a more efficient administration and to be more fully in accord with the objectives first set out in public-assistance plans. These changes have long been overdue and now is the time to remedy them. I respectfully urge the adoption of this amendment by your committee, but also amend into it the features of H. R. 7848.

STATEMENT OF CLAUDE A. BLAIR, NATIONAL CONSTITUTIONAL COUNCIL ADVISER, FOR THE NATIONAL CONSTITUTIONAL COUNCIL OF AMERICA, HEADQUARTERS SPRINGFIELD, MASS.

Mr. Chairman and gentlemen of the Senate Finance Committee, it will be greatly appreciated if Mr. George McLain of California National Institute of Social Welfare can be allowed to extend our remarks in the record as favoring bill H. R. 7225, if amended.

Mr. Chairman and members of the Senate Finance Committee, I am duly grateful and appreciative for the privilege and opportunity of presenting this testimony to your committee in behalf of the aged citizens of the State of Massachusetts and the Nation, whom I represent, and from appeals our council has received. Many of the Senators and Representatives are familiar with the

efforts of our council in handling requests and complaints which have to do with payments received for the old age assistance and old age survivors insurance, proof of citizenship, employment and unemployment. In these matters our council has endeavored to secure an adjustment, if the claims or requests have merit with the local, State and Federal Health, Education, and Welfare social security and with the aid of the Senators and Representatives from the States and congressional districts, and we keep them informed of the results obtained due to our action. Our council has just made a check of the different States and local councils for the aged, and we find that H. R. 7225 contains needed amendments beneficial to the Social Security Act which we are wholly in agreement with if amended. However, it is hoped the Senate committee members, when making their findings, will be guided by the United States Senate Resolution No. 141 of July 1947, and reads, "Under the requirements of the Constitution," and which does not limit personal savings, ownings or earnings, or demand that relatives support the applicants of the old age assistance, and there is no charge must be made for the old age assistance by the aged giving a lien on their property.

Another reason for calling this attention is the fact that the aged are being divided at the present time by the Social Security Act, and the new State and local old-age councils, of which I am listed as a member of the advisory committee. All States, and the individuals of the aged, agree that there must be a uniform system. Bill H. R. 7225, which has the approval of 372 votes of the House, encourages a uniform standard of payments to meet the increased cost of living. This cost cannot possibly be met short of $100 for each person per month by the aged of either the old-age assistance or old-age insurance. Grants are being made to the unemployed of $35 per week. This is way over $100 per month, and may we add that payments or grants from the Federal Government to the States' aged must be made for the aged and not for other purposes. This council further agrees with H. R. 7848, that the demand of the relatives to support the applicants must be eliminated as this is double taxation of the wage earners. We must not forget our aged are indirect and direct taxpayers covering income-tax payments. The word "need" misrepresents the rights and entitlements of the aged as a whole.

Bill S. 2279 by Hon. Alexander Wiley deserves not to be overlooked. It reads, "Our old folks are a great national asset—let's not neglect them." This bill is the means of the States and local old-age councils who are striving with the social security to develop improvements and to expand the programs for services for the aged.

1. We firmly believe the aged of the women should be reduced from 65 to 62, or even to 60, years as we find the average wife 5 years younger than the husband.

2. Senator Kerr and others should be commended for the surplus food plan, as we find in all towns and cities many aged living on one meal a day.

3. As to the increase for old-age assistance, the cost of living today cannot be met short of $100 per month for each person, if they are to be kept out of the hospitals.

4. As to earnings, it is unconstitutional to limit such rights. Let's follow the United States Senate Resolution No. 141, July 1947.

Government report by the President and United States Administrator of the Social Security shows that the aged problems are a national responsibility, and there should not be any fear, worry, and want. Our aged want to be independent, not dependent. Let's not deprive them of their rights and entitlements. The national coast-to-coast councils for the aged require funds for training the aged, as bill S. 2279 provides that which is necessary as temporary help. Let's employ the aged, not universities who are of the younger generation. Let's train the aged to do their own investigating, supervising, and to manage their own affairs.

We are enclosing a check made of the complaints made of the social security old-age assistance title I-and old-age survivors insurance title II, and we hope it may help in establishing a concrete plan. It is our duty to reason together; sons and daughters are vitally interested in this legislation.

Mr. Chairman and gentlemen of the committee, permit me to express the appreciation of the aged citizens for your kindnesses.

COMPLAINTS—CHECK MADE OF OLD-AGE ASSISTANCE AND INSURANCE

OLD-AGE ASSISTANCE COMPLAINTS, SOCIAL SECURITY—TITLE I

1. Must pay part of medical care. Must pay part of eyeglasses. Must pay part for teeth.
2. Budget and needs.
3. Administration paid weekly. Old age paid semimonthly.
4. Administration salaries and wages: $2,700, $6,000 to $9,000. Grants to Aged less than $1,200.
5. Administration retirement, one-half to two-thirds earnings old age less than $100 monthly.
6. Old-age assistance, a give-and-take system.
7. Savings, ownings, and earnings limited, unconstitutional.
8. Lien law as charge for old-age assistance: The aged are indirect and direct taxpayers.
9. Demand of relatives to support the applicants for old-age assistance.
10. Not allowed to move or go where they want and receive grants.
11. Old-age assistance must sign papers to permit investigations into their private affairs. This is unconstitutional.
12. All indirect taxpayers must help pay Government salaries, wages and pensions.
13. Relatives and old-age assistance are being divided.
14. Old-age assistance must battle by appeals when 80 years young.
15. Housing should be the same as for veterans.

OLD-AGE INSURANCE COMPLAINTS, SOCIAL SECURITY—TITLE II

1. No medical care. No eyeglasses allowed. No teeth allowed.
2. No budget or needs.
3. Administration paid semimonthly. Aged paid monthly.
4. Administration salaries and wages: $3,675 up to $12,000. Aged less than $1,200.
5. Administration retirement, one-half to two-thirds earnings. Old-age insurance less than $1,200.
6. Old-age insurance, a give-and-take system.
7. No limit of savings or ownings, earnings limited, unconstitutional.
8. No lien law: Indirect and direct taxpayers.
9. The demand of wage earners to support old-age assistance is double taxation.
10. Old-age insured can go to Europe and receive their grants.
11. Private affairs of old-age insured not interfered with—only earnings. This unconstitutional.
12. All direct taxpayers must help pay the old-age assistance.
13. Relatives and old-age insurance are not divided.
14. Old-age insurance must battle by appeals for rights.
15. Housing should be the same.

UNITED ACTION COMMITTEE OF SENIOR CITIZENS,
Buffalo, N. Y., February 22, 1956.

To the Honorable Harry Byrd and Member of Senate Finance Committee:

I am Edward L. Conner, president of United Action Committee of Senior Citizens. The committee is composed of members of about 20 clubs and having a total membership of about 2,000 members here in Buffalo and Erie County.

We organized to get some action taken through amendment to the Social Security Act to alleviate the neglect and improve the status of most of our senior citizens who are not covered by the act or receive only a minimum payment.

We have met in convention with officers and members of the National Pension Federation and the American Pension Committee in New York State and wish to endorse the Lane bill which would provide a minimum of $100 for every senior citizen.

We approve of provision in the Cooper bill and the Roosevelt-Kefauver bill but feel that they are totally inadequate to meet the needs of our senior citizens.

We feel that if our country can spend billions of dollars on atom and hydrogen bombs which they cannot use, can spend other billions to help people in foreign countries who have done nothing for our country or younger citizens, and can spend billions more in subsidies and tax favors to the airlines, the mail service,

the corporate farmers and storehouse keepers, the gas and oil industries, then there is no excuse for not making adequate provision for our old people.

The motto on our coins, "In God We Trust" and our Christian philosophy based on honoring our fathers and mothers is hardly reflected in a payment of $30 from our social-security system or a similar or somewhat larger amount granted through old-age assistance which humiliates rather than honors them.

We urge the Senate Finance Committee to provide for amending the Social Security Act to make adequate provision for all senior citizens and remove them from the stigma of pauperism.

EDWARD L. CONNER, *President.*

STATEMENT OF O. J. FOX, PRESIDENT, IN BEHALF OF WELFARE FEDERATION, INC., OF OKLAHOMA IN SUPPORT OF H. R. 7225 AND THE FOLLOWING AMENDMENTS

Mr. Chairman, my name is O. J. Fox. I am president of the Oklahoma Welfare Federation of Oklahoma whose address is 208 South Dewey, Oklahoma City, Okla.

The Welfare Federation Inc., respectively urges the adaptation of H. R. 7225.

We also urge the adaptation of the Senator Russell Long amendment to increase the Federal grants to those on old-age assistance $10 per month to the States.

Due to our increase of our aged population we feel that H. R. 7225 will help our economical situation that now exists among our American citizens from the age of 50 years and older.

We feel that permitting these people to be free to earn up to $50 per month will help the morale of these citizens as well as give them a little independence.

The only regrettable thing about the bill is that we wish the committee could lower the age of women to 60 instead of 62. However this will be a big step forward.

Third: The food-stamp amendment by our own Senator from Oklahoma, Robert S. Kerr, will prove to be a blessing not only to our old and dependent people but will help our farmers as well and at the same time be distributing our surplus food and preventing waste. Then we can encourage our farmers to plant and raise more food for hungry and undernourished American people.

Realizing the importance of the time of this committee and realizing the importance of this committee making its report just as soon as possible I shall close my remarks.

STATEMENT OF BEN BLAISDELL, PRESIDENT, FRIENDS OF THE AGED, INC., IN SUPPORT OF H. R. 7225

Mr. Chairman, my name is Ben Blaisdell. I am president of the Friends of the Aged, Inc., whose address is 1903 Southwest Madison Street, Portland, Oreg. Friends of the Aged, Inc., respectfully urges the adoption of H. R. 7225 because we believe that this bill contains the most needed amendments to the Federal Social Security Act. The approval the House gave this bill in July 1955 should prove that it will correct many inequities and bring the country up to date. We believe that that is what was intended when OASI started years ago.

We believe that the age for women on public assistance should be reduced from 65 to 62 years at the same time reductions are made for OASI recipients as we find in our State that women even at 50 years of age have a hard time finding employment, other than scrubbing floors, seasonal work in berry fields or cannery work.

We urge the adoption of a surplus food stamp plan. It would seem to me that this would help a lot of hungry people in this country. Doesn't it seem out of line to spend millions of dollars for storage for this food rather than give it to our needy people? This is to say nothing of the millions of dollars worth going overseas. Who ever heard of a CARE package for needy Americans? We believe in charity at home first.

We also believe that those on old-age assistance should have an increase. Also, the needy, blind, physically handicapped, and needy children should be included. This should help relieve a lot of suffering in our country, and take a big burden off of next of kin who are having a hard time meeting his or her own needs at home.

We believe that any person, handicapped or blind, who is willing to work and earn a little money should be allowed to make at least $50 per month

without threat of deduction from their assistance. Also, needy children who are willing to work should be allowed to earn $30. It is my firm belief that a working child is a better child. Thanks.

STATEMENT OF JOSEPH E. HARVEY, LAWYER, PORTLAND, OREG., EDITOR AND PUBLISHER OF HARVEY'S MONTHLY PENSION NEWSLETTER

Mr. Chairman, my name is Joseph E. Harvey, lawyer, ex-State legislator for 12 years in Oregon, editor of a national publication (nonprofit), Harvey's Monthly Pension News Letter, also its owner and publisher.

I respectively urge the adoption of H. R. 7225 as a step forward in decently caring for the Nation's needy citizens who, like myself (age 70) cannot afford to retire under present laws, as self-employed professional man, denied all rights under Social Secuity Act.

I favor the reduction from 65 to 62 as eligibility age for women on old-age assistance.

Adoption of Senator Kerr's food stamp plan amendment.

Adoption of Senator Russell Long's amendment for $10 monthly increase for recipients of old-age assistance.

An amendment permitting the needy aged and physically handicapped to earn up to $50 monthly (and needy children $30 monthly) without affecting the amount of their grants as is now permitted to the blind.

I favor other similar bills that I consider still better, which are now pending in the House, but like Daniel in the lion's den, only God can save them from a Ways and Means Committee, the majority of whose members seem to be opposed to a fair deal for the needy fathers and mothers of America.

STATEMENT OF ELRY MORRISSON, PRESIDENT OF UE LOCAL 506 AND 618 PENSIONERS ASSOCIATION, LAWRENCE PARK, ERIE, PA.

Mr. Chairman, the UE Local 506 and 618 Pensioners Association respectfully urge the adoption of H. R. 7225 with the amendments listed below:

These amendments are—

(1) Reduce the age for women on public assistance from 65 to 62 at the same time that reduction is made for OASI recipients.

(2) Adoption of a surplus food stamp plan. (Senator Robert Kerr of Oklahoma and other Senators have introduced this amendment.)

(3) Adoption of the amendment just introduced by Senator Russel Long, of Louisiana, for $10 a month increase for those on old age assistance. We also urge that the needy blind and physically handicapped be included in this raise and that needy children be given a $3 per month increase.

(4) Let the needy aged and physically handicapped earn $50 per month without threat of deduction from their assistance grant and allow the needy children to earn $30.

Considering the times, economy, and the needs of the people of this country, the amendments to H. R. 7225 are long overdue.

In the face of the serious problems of the increasingly large number of aging and the aged American citizens we ask that these amendments be adopted.

Therefore, we urge the Senators and Congressmen not to accept any watering down of the social-security improvements that were enacted in the House, last July 1955.

We wish to emphasize the fact that merely introducing bills is not sufficient. Action and passage of legislation is required to meet the needs of the 14 million oldsters of our country.

We ask our Senators and Congressmen to vote for this much-needed legislation.

STATEMENT OF MRS. RUTH TODD, CORRESPONDING SECRETARY OF THE TEXAS UNITED PENSION ASSOCIATION, EDITOR AND COOWNER OF THE STATE PENSION NEWS

Mr. Chairman, my name is Ruth Todd. I am Secretary of the Texas United Pension Association and have been authorized by its president, Mr. Elmer Lee Todd, to make the following statement. The address of the Texas United Pension Association is Post Office Box 3087 (2626 Cumberland), Waco, Tex.

We respectfully urge the adoption of H. R. 7225, amending the Federal Social Security Act. These amendments are very much needed and we also urge that other amendments be added to those in H. R. 7225 to take care of recipients on public-assistance programs. These amendments to be as follows:

(1) Reduce the age of women on public assistance from 65 to 62 years at the same time that a reduction is made for OASI recipients. These women are in most part more desperately in need of lowering the age limit than those under the social-security program for they either have not had the training or ability to earn and thus lay away something for their unproductive years. They are completely dependent on public assistance.

(2) The Texas United Pension Association urges the adoption of a surplus food stamp plan This amendment has been introduced by a neighbor of ours, Senator Kerr, of Oklahoma, and others. Some of the counties in Texas are issuing these surplus foods to the needy and they are of great benefit to them. This should be a uniform program for all States and Territories. This would not only benefit those in need but would reduce these surpluses, reduce the cost of storage, make it possible for recipients to spend more of their cash on other supplies and thus improve the economy in all lines by increased sales.

(3) The Texas United Pension Association urges the adoption of the amendment recently introduced by Senator Long, of Louisiana, for $10 per month increase for those on old-age assistance. We also urge that the needy blind and physically handicapped be included in this raise and that the needy children be given a $3-per-month raise. The maximum assistance check received in Texas is $55. This amount is most inadequate at a time of life when medical and health needs are greater than any other time. When many of our old folk are forced to live in houses or apartments that cannot be properly heated in winter because of wide cracks in walls and holes in the floors. An additional $10 per month could mean the difference between life and death for many of these people. Malnutrition and pneumonia are responsible for many of the deaths in this age group.

(4) The Texas United Pension Association urges that an amendment be adopted allowing the needy aged and physically handicapped to earn $50 per month without the threat of deduction from their assistance grant and that the needy children be allowed to earn $30 per month. It is against all reason that a premium be given for laziness and that those who are physically able to earn small amounts and have the desire to do so should be penalized if they do. No program of assistance to the needy should be so handled as to encourage dependency and demoralize an individual to the extent that it robs them of the will and desire to better their condition and help to sustain themselves.

STATEMENT OF ALICE B. WOODROOFE, COCHAIRMAN, NATIONAL FEDERATION FOR OLD-AGE SECURITY, INC.

Mr. Chairman, my name is Alice B. Woodroofe. I am cochairman, with Mrs. Louise Dennis, of St. Maries, Idaho, of the National Federation For Old-Age Security, Inc., whose address is S. 710 Jefferson Street, Spokane 4, Wash. The National Federation For Old-Age Security, Inc., respectfully urges the adoption of H. R. 7225. While our organization is primarily interested in the improvement of the lot of those on public assistance, even to the point where an overall national pension is secured as a matter of right, nevertheless, any and all advances under the social-security laws are welcomed by us wholeheartedly.

Lowering the age for women and disability claimants, extending the coverage for disabled children, the inclusion of new categories of workers—all of these are definite steps forward toward a more humane attitude toward those segments of our population which are in desperate need of assistance and must receive this help in order to live. Our only criticism of H. R. 7225 is that no one seems to have remembered that group of people that is the most needy and to whom the battle of life becomes the most desperate—the elderly and others who find themselves forced onto public assistance.

Surely, Mr. Chairman—and, pardon me—members of the Senate Finance Committee, there can be no argument that women who are not eligible for benefits under the social-security laws, or who must piece out by applying for public assistance, should also have the age requirement lowered to 62 years. There is almost no type of work that women past 60 can do. Three years is a long time to go without eating. The uniformity created by making the age for women

needing public assistance the same as for the wives, widows, and working women is also an advantage.

We understand that Senator Kerr, of Oklahoma, and others have introduced a surplus food stamp plan. We feel that a proper dispensation of Government stores would do a great deal toward extending the puny allowances for food that the needy are now forced to accept. A more bountiful table would make life much pleasanter for many an old-age recipient. The National Federation for Old-Age Security wishes to cast whatever weight it has in favor of such an amendment.

Another amendment, the one just introduced by Senator Long, allowing an additional $10 to be added to the payments to old-age recipients—the need for this little raise requires no fancy arguments. There are so many things that old people need. To really need and never be able to satisfy that need gets pretty hard to take after a while, and results in a loss of personal dignity and pride even to the point of complete discouragement. We urge the passage of this amendment. We go further. We urge that the needy blind and the handicapped be included, too, and that needy children be given a $3 raise.

And then, may we add our voice to the strong demand now being put forth? We believe that allowing the aged and handicapped to earn up tor $50 per month without deductions, and needy children up to $30, would be an excellent idea. Such a proposition is being prepared in the form of an amendment—so we understand. Taking off this restriction should have a good effect on the mental well-being of all on public assistance recipients. It would cost the Government nothing. It is unlikely that many would be able to take advantage of this, but some could, no doubt. Mostly, it would make all recipients feel less like second-rate citizens. We urge the adoption of such an amendment if presented.

May I say just one more word or two? These things are very important. The scrutiny of the entire world is focused upon us. Does democracy really work? That is what they are asking. If we neglect our unfortunate children, our oldsters, or our crippled or handicapped workers, they are going to see that, and they are going to say, "Democracy does not work, except, maybe, for the young and the strong." We feel sure that your committee will turn out H. R. 7225 in such shape and with such added amendments so that nothing but credit will be reflected on the good old United States of America.

STATEMENT OF MABEL CONRAD, SECRETARY-TREASURER OF WASHINGTON PENSION UNION, SEATTLE, WASH.

Mr. Chairman, my name is Mabel Conrad. I am secretary-treasurer of the Washington Pension Union, 610 Second and Pike Building, Seatle, Wash. The Washington Pension Union respectfully urges the adoption of H. R. 7225, together with the following amendments which are most desperately needed to alleviate some of the worst features of the present public assistance law:

(1) An amendment to reduce the pension age for women on public assistance from 65 to 62 years, the same age at which H. R. 7225 calls for a similar reduction in age for women OASI recipients. Women are usually younger than their husbands and if widowed or in need of employment find it difficult to get jobs in competition with younger persons. (We believe the retirement age for women should be much lower, but 62 is a compromise figure.)

(2) Amendment S. 627, Senator Kerr's food stamp bill, which calls for distribution of surplus commodities to the needy of our country. A threefold objective can be gained:

(*a*) Public assistance recipients (of which there are 119,327 in the State of Washington) can well use the food, especially mothers with dependent children, over half of whom in this State receive only 80 percent of their minimum-need grant. Over 12,000 persons on general assistance get only food allowances in their monthly grants which must be stretched to cover other absolutely necessary items.

(*b*) Farm surpluses can be reduced and put to a beneficial use.

(*c*) Local stores and business will benefit.

(3) Amendment introduced by Senator Russell Long calling for $10 a month increase in Federal matching funds for OAA; and, in addition, our organization favors a similar increase in matching funds for the blind and physically disabled and a $3 a month increase for dependent children. Our average old-age grant in Washington is only $62.48 a month.[1] Average ADC grant is $105.93 per case

[1] Official publication of Department of Public Assistance, State of Washington, November 1955.

(3½ people).[1] In the last 5 years our dependent children families have had only 7 months of full grant payments. Our average disability assistance is $73.78[1] a month per case. These figures are very low compared with actual living costs. The discrepancy causes actual suffering and want.

(4) An amendment to allow those receiving old-age assistance, disability assistance to earn $50 a month without deduction from their grants, and to allow children of dependent mothers to earn $30 a month without deduction. This last seems essential to restore initiative and dignity to these families, especially to teenage children where now every dollar earned is deducted, taking away the will to earn.

STATEMENT OF ROY LAMPITT, WASHINGTON PENSION UNION, LOCAL 315, SPOKANE, WASH., IN SUPPORT OF H. R. 7225

Mr. Chairman, my name is Roy Lampitt. I am president of Local 315 of the Washington Pension Union. The address of State office is 610 Second and Pike Building, Seattle, and local address is 1009 West Broadway, Spokane. Our local goes on record as in full support of H. R. 7225 and we are using this letter to urge passage.

We feel those getting assistance, if physically possible, should be permitted to earn $50 per month without fear of deduction from grant, have a full distribution of surplus commodities, ages reduced from 65 to 62 years for women and men both, and in addition feel that an additional $10 per month is both possible and necessary. Needy children should have an increase in grant also, as should the handicapped. We feel the whole bill more humanitarian than the present legislation allows for and we shall await a reply from your committee and Mr. McLain who is presently in your city.

We, the members and friends of Local No. 315, Washington Pension Union, and present at the meeting held on Wednesday, February 22, 1956, wish to add our names to that of our secretary in support of the amendments to H. R. 7225. While the bill itself is a good bill, we (many of us are on public assistance) feel very strongly that our needs are being ignored in H. R. 7225. We urge that in recognition of this fact you will pass the four amendments as outlined.

Maybell Wheeler, Walter C. Perry, Louis Poriton, August van Schoorl, Oscar Sakswig, David E. Cox, P. A. Perry, Andrew N. Simas, Roy Lampitt, Martin Olson, Grace Lampitt, Frank Anderson, Bertha A. Tyler, Frances Wilson, Anna Loock, Frank Phillipy, Effie Brannon, Edith E. Welland, Fred J. Young, Marie H. Jones, Anna Brock, B. Abendroth, Knute Knutson, E. E. Linde.

Senator CARLSON. Mr. McLain, we appreciate your appearance before the committee and the testimony you have given.

That concludes the testimony of the witnesses for the day. The meeting is adjourned.

(By direction of the chairman, the following was made a part of the record:)

HALSTAD, MINN., *January 30, 1956.*

HON. WILLIAM LANGER,
United States Senator,
Washington, D. C.

DEAR SENATOR LANGER: I would like to call your attention to the minority group of people who are forgotten in our national social security law as it is now set up. I am referring to those who want to participate in Federal old-age and survivors insurance, but cannot do so, either because the organization or political unit they work for is not required to participate, or because they are specifically excluded from participating.

In my work as tax consultant in Halstad and this vicinity, I have encountered numerous instances of where the social security law works an injustice to certain individuals. I will cite you a few cases to illustrate what I am referring to:

1. Case of a laborer who is employed by the county to do whatever work is assigned him throughout the work season. The county has not chosen to participate in social security for its employees. Yet this worker wants to pay into social security and would gladly pay the whole amount of the tax himself

[1] Official publication of Department of Public Assistance, State of Washington, November 1955.

in order to get in. It will be hard to find anyone who will need this old-age pension more than he will when he reaches 65.

2. Case of worker who does odd jobs here and there throughout the year; sometimes on a farm; sometimes in town. He never makes enough from any one employer to be covered by social security; yet he would like to be included along with the rest, and would be willing to pay the whole tax himself in order to be included. He, too, needs this coverage, maybe more than anyone else I could name.

3. Case of school teachers who are leaving or plan to leave present occupation, to do other work, in order to get coverage supplied by the social security law. When people feel compelled to leave their chosen work, to do other work in order to be included in social security, there is obviously something wrong with the law as it is now written.

4. Case of dentist who wants to pay into social security, but cannot, because the law excludes him.

I could cite many other examples that I have encountered, but the foregoing illustrate what I am getting at.

How to correct this situation? Very simple, indeed. Let everyone who is not now adequately covered in any pension plan, pay into social security in proportion to his yearly earnings, on a voluntary basis until such time as the present provisions of the law are changed, to include everybody. (Those adequately covered by other pension plans could be excluded in this voluntary plan.)

This is a plea for simple justice. We are living in a democracy, and our laws should operate in a most democratic way, even in matters of old age and survivors insurance.

In conclusion, I would sincerely ask you to give this your considered thought, and trust you will use your influence to have the present provision of the law amended along the lines I have suggested above.

Yours very sincerely,

GEORGE L. SULERUD.

P. S.—The reason I am writing you, Senator Langer, is because you have always fought to have justice done whenever and wherever needed.

G. L. S.

AN OPEN LETTER TO THE SENATE FINANCE COMMITTEE

GENTLEMEN: The great value of the Townsend plan for the good of the Nation, and the old and destitute, suffering at any time from malnutrition, disease, and want, hunger, and cold, is stressed by millions of intelligent voters for immediate enactment into law. Congress has here great responsibility and "power of life or death for many of our citizens." Therefore, it should have but little consideration, if any, for big interest in interest-bearing bonds, opposed to the plan, perhaps mostly because it would be on a pay-as-you-go basis, and not piling up billions in debts and interest.

Most of "our national leaders seem unwilling to face up to the grave internal issues first that confront us." "They pour billions of dollars into foreign lands in an effort, they explain, to combat the spread of communism." They should realize that to drive poverty first from America, and then communism, would do more to combat the spread of communism than billions of dollars poured into foreign lands. Under the plan, democracy and free enterprise would function in harmony 100 percent with capitalism, and show to the world that communism under dictatorship is not freedom.

It seems beyond comprehension that there is so much misconception among our intelligent lawmakers regarding the economic fundamentals of the plan. Our forefathers foresaw the wisdom; "that a tax may be levied that will be for the general welfare." And Congress hasn't yet waked up to its effectiveness. The proposed gross income tax for the plan is the best source of revenue known to experts. It has been successfully tried for years both in Indiana and Hawaii and took both governments out of the red. William Borthwick who was tax commissioner in Hawaii said: "At first the corporations were against it, but now you couldn't take it away from them, for they found that the extra circulation of money was a great stimulus to business." "Indiana is growing at the rate of 59 percent faster than the entire United States." "Business wants to move to Indiana where the tax system is sound; no retail tax, no use tax, no corporation tax, no manufacturers' tax, only a modest gross income tax."

I went into Bullock's $20 million per gross income store here, and I said to the head man: "Do you believe in the Townsend plan?" And he said: "I believe

it is a good thing." There's not a few businessmen who are getting the right idea. Dr. Townsend, in behalf of the plan says: "Nothing can be said to cost that brings in more money than is laid out." For example: W. D. Dobbins of Birmingham, Ala., during the depression said: "I have 150 houses that I cannot sell, but if we had the Townsend plan I could sell them." He could readily see what his profits would be above the gross income tax; a similar experience could be expected in all lines of business.

The 2 percent tax on Bullock's $20 million per year gross income would amount to $400,000. Just imagine what it would be on all the stores in the United States, Territories, possessions, and all other kinds of business and corporations.

By the above hypothesis, it can be seen that the cost would not only be nothing, but there'd be extra profit, and income in all lines of business. The plan is so big that all of it could hardly be covered. It is doubtful that all the benefits to be gained could be enumerated.

The plan would save the taxpayers in the Nation from decade to decade, billions of dollars by eliminating State pensions, poorhouses, poorfarms, many rest homes, community chests, and cut the cost in crime to the taxpayers during depressions, caused by poverty and idleness, not only that, but billions saved and made for both capital and labor during depressions, lost through unemployment alone; therefore, what's the "nigger in the woodpile"?

Evidently, it is the tax on personal incomes that has been blocking this great plan for years; if possible, let's have no more of it. I have no personal financial ax to grind in opposing this most obstructive provision. The statistician and economic consultant, John Doyle Elliott, for the plan, is his analysis, shows that the 2 percent tax on personal income above the $250 a month exemption would amount to only about 2 percent of the total amount raised on all lines of business. The small amount the pensioners would lack at first from the estimated $135 to $150 pension would finally be made up by the increase in business. If the bill could be enacted with the provision, it wouldn't be near as good as one without it, because to exempt the tax on personal income would greatly simplify it, eliminate redtape, much extra bookkeeping, complications, prolonged delay caused by checking upon thousands of people as to their personal incomes, and the extra cost thereby involved to administer it.

Therefore, what's to be gained by it? Nothing, but complications, grievous delay and extra cost. The editor of the weekly agrees that if the tax on personal incomes is exempt, the cost to the Nation, the businessman, and the taxpayers would be "absolutely nothing." Every government official would be affected by it, and most of them would feel that they shouldn't be compelled by law to contribute to something they believe they'd never benefit, the Townsend pension, and especially when the tax on personal incomes is not indispensable to the plan, at all, or needed. I am most opposed to it, because I believe it has been holding up the plan. I had a talk with a gentleman of much economic ability, and I asked him: "This national old-age and business insurance on a pay-as-you-go basis, directly and favorably affecting our economy as an amendment to the old-age pension part of the Social Security Act, creating increased production to equal extra purchasing power, insuring full employment whether in peace or war, and thereby, eliminating the need, cost, and confusion in the unemployment features of the act. The resulting amount of revenue, monthly, would, after administrative expenses were allowed, and the revenue yielded by the process, and therefore, the magnitude of the individual's monthly income, would fundamentally vary as the general economic level of the Nation as a whole varied and/or as price levels varied. This would maintain a general 'parity' between the living standards of the retired, the disabled, and other citizens benefiting from the program as to the general standard existing in the Nation at any given time. Why is it that Congress doesn't see it?" His answer was: "They're selfish." "In all fairness to the United Nations, it must be admitted that world conditions as they have developed in the last 10 years, have greatly handicapped its work, and made its progress difficult." But this great plan would drive communism and poverty forever from the American shores, and put a damper on Russia and communism; thereby, greatly reduce the difficulty of the United Nations in its effort for world peace.

To drive poverty from America first, which automatically would drive communism from America. That alone should put arguments against the plan out on a limb. What argument has Congress to offer for turning deaf ears to that which would do so much, and the cost actually nothing as shown in the above? Compare that with the payroll tax cost in billions for the inadequate system of social security.

May you entreat the Senate the importance of rejecting the social-security amendments approved by the House, and to amend the bill along the lines of the major planks of the Townsend plan, except to eliminate the tax on personal incomes. May you work in behalf of this great humanitarian piece of legislation for immediate enactment into law, for the sooner, the better for the Nation, and the millions of the old and destitute in need.

Let your conscience guide. Let not redtape or technicalities stand in the way. I know you have much other important interest to consider, but let not even that brush this aside as of secondary importance. We understand "that there are courageous and foreseeing Members of the United States Congress who work with untiring effort to make our United States a better place to live in" To do that, let's not "get the cart before the horse." There may be several different pension programs introduced in Congress, but in this, the pension part is but one of the many valuable parts.

To the writer, the plan without the tax on personal incomes, is simplicity itself and, therefore, under what regime could Congress enact a better piece of legislation than this great humanitarian, inexpensive one? It is to the intense, to the earnest, that this plan be enacted into law. The plan is the key to unlock the door for all to an abundant life, therefore, what process of reasoning here and now that would most logically and quickly direct Congress on the road leading to this, the Nation's ultimate goal?

Most respectfully submitted.

LORRIS W. WATSON.

(Whereupon, at 12:05 p. m., the meeting was adjourned, to reconvene at 10:15 a. m., Thursday, March 1, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

THURSDAY, MARCH 1, 1956

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

The committee met, pursuant to call, at 10:15 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd (chairman), George, Martin, Carlson, and Bennett.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

We have a very distinguished Senator here, the Senator from Missouri, Senator Hennings.

STATEMENT OF HON. THOMAS C. HENNINGS, JR., A UNITED STATES SENATOR FROM THE STATE OF MISSOURI

Senator HENNINGS. I want to assure the gentlemen of the committee that I will not speak at length.

The CHAIRMAN. Take your time.

Senator HENNINGS. As you know, Mr. Chairman and members of the committee, this committee has for some days now been hearing testimony on the many aspects of the proposed amendments to the Social Security Act, H. R. 7225, and in this connection, with your indulgence, I would like to commend specific attention to subsections (a) and (b) of section 344, if I may, of Public Law 734, 81st Congress, which relates to the various State aid to the blind programs, and permits those States like Missouri, and the State of the distinguished Senator from Pennsylvania, whose plans do not meet the restrictive Federal $600 limitation on annual income, to participate in the Federal-State matching program until June 30, 1957.

On January 24 of this year, my colleague, Senator Symington, and I, introduced an amendment to section 344 (b) which, by striking the termination date, June 30, 1957, would enable those States with more liberal blind pension programs to participate in the Federal-State program of aid to the blind on a permanent basis.

It is to the merits of this amendment that I, with your kind permission, want to address myself here this morning briefly.

The CHAIRMAN. Have you offered the amendment? It has been offered, has it not?

Senator HENNINGS. Yes, it has been offered, Mr. Chairman, thank you.

Senator MARTIN. Yes.

Senator HENNINGS. Missouri has a blind pension program which has been in operation since 1921. The first payments were $25 a month, and the amount has steadily increased throughout the years until now the monthly payment is a flat $60.

All State funds used in financing this program come from an earmarked property tax, which is provided for in our State constitution.

After the passage of the Federal Social Security Act in 1935, several attempts were made to revise the blind pension law so that Missouri could qualify for matching funds under title X. However, our blind recipients objected so vehemently to the institution of a degrading, so-called needs determination test, that our State legislature acceded to their wishes and, accordingly, Missouri continued to foot the entire bill for aiding her blind, that is, until 1951.

When the Social Security Act was amended in 1950, section 344 (a) was added to title X for the purpose of letting States like Missouri and Pennsylvania participate in Federal matching grants for those cases which would be eligible for Federal funds, on the same basis as that of other States.

At the same time, these States continue their plan of payments, wholly from State funds, to those blind persons who could not qualify for aid under the more restrictive Federal regulations.

This participation provision has since been extended by act of Congress until June 30, 1957; and what we are undertaking to propose is to eliminate the necessity of periodically reexamining and debating and reviewing this exemption, by striking the termination date and making it permanent.

Now, Mr. Chairman and gentlemen of the committee, as of December 1955, there were over 4,400 blind persons in Missouri. Thirty-nine hundred of this number are paid partly from Federal funds because they do qualify under the present Federal limitation. The remaining 500, or fully 12 percent, are not eligible for inclusion on the Federal aid to the blind rolls; and, consequently, Missouri, as does Pennsylvania, pays the total cost of the pension for those without any Federal assistance whatsoever.

The philosophy, I might say to the gentlemen of this distinguished committee, governing Missouri's assistance to the blind, has since its inception in 1921 been an exceedingly enlightened, we think, and sympathetic and humane one, designed to assist the blind to the fullest extent in overcoming their handicap by encouraging rehabilitation and restoring to them the human dignity and improved morale that comes with gainful and productive employment.

To suspend arbitrarily the payments to a person so handicapped as soon as his earnings exceed $50 a month, which is all the Federal law allows, it seems to many of us, is to discourage industriousness and to remove incentive for effective rehabilitation and gainful employment of people who want to help themselves to the utmost of their ability to do so.

Or, taking it from another aspect, assuming that the law makes pension payment of $60 to those with only the $50 allowable earnings, we are in effect limiting the total monthly income of blind persons to $100.

It is very hard for us to see how anybody in good conscience can be a party to the perpetuation of such a poverty standard of living for our sightless citizens, and I would like most respectfully to make it

plain that Missouri seeks no help whatsoever from the Federal Government in meeting the payments to those who have an income of more than $600 annually. All we are asking is that our State be allowed to participate—and, as I say, this would include Pennsylvania, as the distinguished senior Senator from that State knows—as to those who have an income of less than $600 annually.

We are asking that this participation be allowed, and that it be allowed on a permanent basis, and the Federal matching payments under the Federal-State program be made in meeting the cost of assisting those whose income is $600 annually or less.

Now, this amendment would permit Missouri to continue paying a pension to those blind persons who cannot qualify under the Federal-State program of aid to the blind, and at the same time let us participate in the Federal-State matching formula for those who do qualify.

Just to postpone the termination date for a year or two, as has been done in the past, would only mean that Congress would be required to have reintroduced and to consider in committee and to debate on the floor, as we have these past several years, and enact parallel legislation in another year or two, which to my mind constitutes a needless waste of time and energy, particularly when the legislative docket is already one of such enormous proportions.

But, even more than this, the periodic extension of this provision subjects our State to a perpetual threat of withdrawal of Federal funds should Congress, for lack of time or even through an oversight, fail to renew this provision.

It seems to me, as I hope it may appeal to your reason and judgment, that this is unjust, and it penalizes a State for adhering to a more humane and a more liberal standard in administering aid to its blind citizens; and I respectfully urge the members of this committee, not only as a matter of conscience, but as a matter of sound judgment, to approve this amendment.

Senator GEORGE. You say the amendment has been prepared?

Senator HENNINGS. Yes.

Senator GEORGE. It just strikes the termination date?

Senator HENNINGS. It has been prepared, may I say.

Senator GEORGE. It just strikes the termination date insofar as States who are more liberal than the standard set up by the Federal Government?

Senator HENNINGS. The distinguished Senator stated the situation exactly.

Senator MARTIN. Mr. Chairman, I might say each time it has been extended, but it meant that the Senators from Missouri and the Senators from Pennsylvania and this committee, and the Congress as a whole, have had to take the time to make this extension.

Senator GEORGE. I thoroughly agree that it ought to be put on a permanent basis.

Senator MARTIN. That is what we would like, if the committee—of course, that is a thing to be discussed later.

(Off the record.)

The CHAIRMAN. Thank you, Senator Hennings.

Senator HENNINGS. Mr. Chairman, I will not burden the committee.

Senator CARLSON. Is this a constitutional or statutory provision which is causing the difficulty in Missouri and Pennsylvania? Is it a constitutional or statutory provision?

Senator HENNINGS. You mean the provision——

Senator CARLSON. The provision under the laws of Missouri which prevents you from operating like other States.

Senator HENNINGS. A constitutional provision.

Senator GEORGE. It is constitutional in Missouri.

Senator HENNINGS. Senator George is correct.

Senator GEORGE. I know we have always tried to remedy the situation. It should have been made permanent before this, and I do not think there can be any valid reason for not making it permanent.

The CHAIRMAN. We will take it up in executive session, Senator.

Senator HENNINGS. Mr. Chairman and Senators, I appreciate very much the indulgence of the committee this morning.

Senator MARTIN. Mr. Chairman, I want to express my appreciation to the distinguished senior Senator from Missouri for coming in here and making the statement to the committee, because it is just a little embarrassing for a member of the committee to do it.

Senator HENNINGS. Well, I have enjoyed the support of both Pennsylvania Senators, and my own colleague, during these past several years when the matter has come before the Senate, and I thank you very much, gentlemen.

The CHAIRMAN. Thank you very much.

The Honorable Carl D. Perkins, Representative from Kentucky, is our next witness.

Representative PERKINS. Mr. Chairman.

The CHAIRMAN. We are very happy to have you, sir, and you may sit down.

STATEMENT OF HON. CARL D. PERKINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Representative PERKINS. Mr. Chairman and members of the committee, during your deliberations on the proposed amendments to the Social Security Act, this committee has received expert testimony from a variety of interested organizations and officials as to the overall administrative and cost aspects of the bill, H. R. 7255, as passed by the House of Representatives. You have assembled an impressive total of statistics and of top-level advice. This is, of course, an important part of such deliberations.

I am sure you are aware, as well, of the kind of human problems with which these amendments are concerned. Problems of older widows, who, because they have not yet reached their 65th birthday, must be told that they must get along somehow until they become entitled to social-security benefits; problems of all older women who, as we all know, find it practically impossible to support themselves if they lose their jobs; problems of families in which wages brought in by the breadwinner suddenly cease, through no fault of his own, because he has been the victim of an accident or illness so severe that he cannot ever work again. During the past few months I have received hundreds of letters pointing up the needs for amending the social-security bill.

I have always believed that an essential part of the genius of our democratic process is the opportunity it offers to approach every problem from the standpoint of how it will affect the individual families. We are, in this country and in this Congress, concerned with people

and their rights in a very unique way. In my speech on the floor of the House in support of the 1954 amendments, I included a number of letters from the people of the district I am privileged to represent describing the circumstances which had befallen each individual family when the father became disabled. Because it tells this important story so well, I should like at this time, to read to you a letter I received just the other day from a disabled coal miner from back home—a letter which speaks not only for his own tragedy, but for the similar circumstances of millions of Americans. Here is the letter:

FEBRUARY 1956.

DEAR FRIEND: Thought I would drop you a few lines, for I believe you are a friend to the poor. I want some information on social security.

I have been a coal miner all my life up until September in 1951. I had a mine accident, the rock in the mine fell on me and broke my back, fractured my spine, and broke pelvis, and left me parlyzed from my waist down.

I have to be lifted from a bed to my wheelchair by my family. I would like for you to recommend this letter to the rest of the House. To see if the law can't be fixed till I get some benefit of my social security. I am in worse shape than a man at 65 that's able to get about. I have a wife and 4 kids and 1 of them is handicaped and is not able to take care of herself, I have 3 in school. They go scanty for clothing and food, my age is 42 and I only draw $24 compensation a week and I'll soon be drawn out. I have a permanent disability. I am enclosing my picture showing my conditions. I would like for you to keep working on the social-security law. That I may get some benefit while I am in need of it.

DOYLE SALISBURY, *Amba, Ky.*

Hundreds of similar letters concerning needed social security improvements have been drifting into my office daily during the past several years. Mr. Chairman, it is because of circumstances such as this that I have consistently supported, since I first came to the Congress in 1949, proposals which would provide social-security benefits for workers so disabled. It is because of this fact that such a disability can befall a worker at any time of his life that I have proposed bills that would provide disability benefits at any age. It is because I believe that the family of a worker so victimized is also entitled to adequate protection, that I am convinced that our social-security plan should also provide benefits for the dependents of such workers. Without such a provision, I am afraid, we are doubly discriminating against families in such circumstances since, in addition to the loss of wages, they must often bear the cost of heavy medical expenses. It is, I submit, small wonder that we receive letters from the American people protesting a system which, in effect, says that if the family breadwinner dies, his family is entitled to benefits, but if he manages to survive as a bedridden invalid, they are not. It is not enough, I believe, to answer such families with the verdict that we cannot add disability benefits to our social-security system because we do not know how to determine what such a disability consists of—especially when they know such determinations are being made every day for our programs for veterans, in the railroad retirement and civil service retirement systems, and in connection with the so-called disability freeze plan and public assistance programs for the totally and permanently disabled.

It is not enough to say to the Americans who face such a tragedy that "although competent actuaries indicate that the cost of such a system would not be excessive, we cannot embark on such a program

because these cost estimates might not be accurate," and although I am heartily in accord with the important work being done every day by the rehabilitation agencies and am convinced that such efforts should be expanded, I am also convinced that increased rehabilitation activities are an important accessory to a program of disability benefits rather than an alternative to such benefits.

I am confident that this committee will give full consideration to these important human problems as well as to other important aspects of this legislation in your recommendations to the Senate. I am equally convinced that we are capable, in this country, of administering such a system efficiently and equitably. It is part of our American heritage to combine a concern with individual human welfare with the ability to find good workable answers—and our social-security system is certainly no exception. As I have indicated, I also believe that we will make a very important step forward in providing security for American homes by lowering the eligibility age for women under the social-security system from age 65 to at least age 62. I believe, moreover, that we should make a similar adjustment in the old-age assistance program so that those needy women who cannot qualify for social-security benefits, may also become eligible for Federal aid in furnishing old-age assistance payments at age 62.

To further enable the States to more adequately provide for the aged who are forced by lack of funds to apply for old-age assistance payments, I also am happy to endorse the proposal of Senator Long and some 40 other Senators which would increase the Federal share for old-age assistance payments so that the Federal Government would provide $25 of the first $30 of each average payment, and half of the rest up to a maximum of $65.

I have felt for many years that our present law should be amended to take care of those widows who need assistance after their children become 18 years of age. Under the present law, payments cease for those widows upon their last child becoming 18 years of age. The widow is no longer entitled to social-security payments until she becomes 65 years old. I am hopeful that the Congress will bridge this gap.

I received a letter from an individual only this week—an elderly gentleman, 91 years of age—which reads as follows:

FEBRUARY 23, 1956.

DEAR CARL: I am formally of Knott County at Hindman but now I live at Jeff, Ky. I have paid taxes all my life and I feel I am entitled to more than $10 a month. My vision is almost gone and my wife is disabled * * *. I am the lowest paid person I know of anywhere. I am 91 years old and we can't hardly make ends meet with the expense of medicine we have to buy. I will refer you to the Postmaster Norman Combs or the circuit court clerk of Hazard, Ky.

Hoping you can do something to help.

I remain yours sincerely.

I have known this gentleman practically all my life and I judge that he is drawing the minimum social-security allowance—$30—and in all probability has been able to qualify on 6 quarters. I feel that people in this category, also the handicapped and disabled, should be permitted to have some reasonable earnings over and above their old-age pensions. As I understand the law, any earnings or income of any kind is taken from their old-age allowance. I have received

considerable mail from old-age recipients complaining that they can barely exist upon the amount received and an explanation from the proper departments usually reveals that some other limited income has brought about the reductions. I well realize that the committee would have to consider a reasonable limit to take care of the hardship cases.

Finally, I would like to endorse the proposal introduced by Senator Kerr and other distinguished Senators which would provide a means for us to share the abundance of our farms with those who are in need. I wish to congratulate the sponsors of this measure for the way in which they have combined an effective use of the existing facilities with the concern for the self-respect and the total welfare of the needy families which would benefit.

I am not in a position to state how the adoption of any surplus food-stamp plan would work out, however, I feel the proposal is sound. I feel that those needy individuals, including the unemployed, those on public assistance such as the needy aged, blind, physically handicapped, needy children, and those individuals who have to depend upon charity, certainly should be entitled to receive our surplus commodities, and it seems to me that it would be more feasible to reach all of these needy groups under a stamp plan.

I feel certain that the same considerations will apply in our deliberations concerning the social-security amendments in 1956 and that our time-tried system of social security can be strengthened in the bill H. R. 7255.

Mr. Chairman, I am happy to put in my appearance here this morning, and that is all I have to say.

The CHAIRMAN. We appreciate your contributions, sir.

Any questions?

The next witness is Congressman Dorn, of South Carolina.

STATEMENT OF HON. W. J. BRYAN DORN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Representative DORN. Thank you, sir.

The CHAIRMAN. You are welcome. Please take a seat, sir.

Representative DORN. Thank you, Senator.

The CHAIRMAN. We will be glad to hear you.

Representative DORN. Good morning, Senator George.

Senator GEORGE. Good morning, Congressman.

Representative DORN. I am not going to read my statement, Mr. Chairman.

I supported this bill in the House and, of course, am very interested in the disability at age 50, and the lowering of the age of women to 62, and the dependents provisions, but my primary purpose, Senator, in appearing before you this morning is in reference to section 210 and section 211, as amended by the House, and I respectfully urge you gentlemen to seriously consider amending that to let the landlord in a sharecrop farming operation, Senator George, count his income from such operation as income for social-security purposes.

I am particularly interested in that, because I think I am familiar with the sharecrop farming operation, having actually participated in that type of farming. I live on the land and on the farm today.

I am not running that kind of an operation as of the moment, but I have in the past, and I would like to point out to the committee that in South Carolina today, according to the 1954 census—and the same thing is probably true in Georgia, Senator George.

Senator GEORGE. Yes, sir.

Representative DORN. Of the 34,000 farms in South Carolina, 11,000 of them were operated by the owner, and 23,000 more than two-thirds of these farms, were operated on a landlord-sharecropper basis. So any provision in social security that would classify crop shares as rental is going to preclude the majority of the farmers of South Carolina, as of today, from qualifying under this thing, or part of their incomes from qualifying, at least.

Then I do want to address myself just for a moment to that, Mr. Chairman, because that is not, I think, exactly fair, because in some sections of the country—Senator Martin, you might not be too familiar with this; I do not know whether the people there in Pennsylvania have much of a sharecrop operation or not—but in South Carolina, your small cotton farmers, the landlord will go into a sharecrop operation with a tenant. The landlord furnishes all the fertilizer, the land, the mules, the machinery, and he actually supervies the crop.

I know from personal experience the landlord will get up every morning, go out and tell the tenant where to plow and where to plant that day, and he materially participates in that farm operation.

Then to come along and say that his part of this crop should be classified as rent is just not according to the facts in that type of operation, because the landlord assumes practically all the risk; and then when the crop—and I speak specifically of cotton, because that is still the major crop, cotton and tobacco, in that area—then in the fall when the crop is sold, the sharecropper will get half of the selling price of the tobacco or the cotton, and he actually put out no expenditure except labor.

But the landlord assumes practically all the risk—fertilizer, land, and machinery—and I respectfully urge this committee to consider that House provision which was inserted in this bill, classifying the landlord's portion as self-employment income, and not as rental.

I might say this, too, Mr. Chairman: That I believe some of the testimony—I believe it was Mr. Morse, who is a very fine man and is the Under Secretary of Agriculture, based his testimony, when this was originally put in the law in 1954, on a survey conducted in the State of Washington, the State of Connecticut, and the State of Texas.

Well, I do not think farming operations in those three States would be typical of the whole country. Certainly they are not typical of farming operations in Georgia and South Carolina.

Even in Texas, it is a lot different, because the labor situation there is different and the lay of the land; and in our country we still depend primarily upon the landlord-sharecrop type of operation.

I do urge the committee to seriously consider having the landlord's portion of it classed as income.

I might say this——

Senator GEORGE. Of course, I agree with you, Congressman. I do not know whether this provision in the House bill, though, quite accomplishes what ought to be accomplished. Not only is this so-

called sharecropper-landlord arrangement in vogue in Georgia, in your State, and in other States in the South, but many of the tenants will not otherwise operate the farm.

Representative DORN. That is true.

Senator GEORGE. They insist on it, because it gives them a finer opportunity. In other words, the sharecropper idea has undergone a very great change in our efforts in recent years, to better the conditions of the sharecropper, and I cannot get tobacco men to pick my crop on a salary or wages. They say, "No. We will take it on shares. We will be partners," so to speak, is the way they look at it.

It encourages them to produce all they can of cotton, of course, and all they can of tobacco, on the allocated acres, and they will not contract otherwise.

Representative DORN. Senator——

Senator GEORGE. Good, capable men will not do it.

Representative DORN. Yes, sir. You are exactly right.

In my community right now, a lot of the tenants are working at the sawmill through the winter, and then maybe on through the summer, but his wife and family are available to work a crop.

Senator GEORGE. That is right.

Representative DORN. So it does afford them something to do, the wife and the boys, if they are large enough. So they work this crop on a sharecrop basis, but the landlord will supervise the labor, see that it is properly applied with the proper amount of fertilizer and poison, in the case of cotton and tobacco, and it is a successful operation, in which the sharecropper shares and he is very happy about it, in my particular community, because it affords income through the summer during the growing season, and during the winter the head of that family works at the sawmills or maybe in town.

Senator GEORGE. That is true. That is true in our area. You are quite right.

Representative DORN. That is right.

Senator GEORGE. I hope we can strengthen that.

Representative DORN. I hope so, too.

Senator GEORGE. I think we should strengthen it.

Representative DORN. Yes, sir.

Senator GEORGE. That is right.

Representative DORN. Mr. Chairman, I ask unanimous consent to have this resolution from the Grange made a portion of the record.

The CHAIRMAN. Thank you, Congressman.

Representative DORN. Thank you, Mr. Chairman.

(Representative Dorn's prepared statement and the resolution referred to are as follows:)

STATEMENT OF HON. W. J. BRYAN DORN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

My primary interest in appearing before your committee is to urge you to approve the House-passd amendments to sections 210 and 211 of the Social Security Act. These amendments extend the coverage of social-security benefits to include income received by landlords engaged in share farming arrangements where there is material participation on the part of the landlord in the production of agricultural commodities.

The approval of these amendments will benefit tremendously the farmers in the Old South where farming on the shares is so historically entrenched. To cite you an example of the extent of this entrenchment in my own State, I can quote you a few figures from the 1954 census of agriculture. In 1954 there

were 34,106 operating farm units in South Carolina. Of these, 11,149 were home-operated farm units and 22,957 were sharecropper operations. It is easy to see, therefore, that over two-thirds of the farming operations in my State are share farming operations and as such, two-thirds of all farm owner operators in South Carolina are precluded from benefits on all or part of their farming operation.

These farmers, gentlemen, are not a wealthy or high income group. In fact, just the reverse is true. According to the 1950 census, exactly 1 percent of our farm people in South Carolina had an annual income of $3,000 or more.

The present law, gentlemen, is not correct in its assumption that all shares of crops are rent. In fact, nothing is further from the truth. In the case of a cotton farmer, the landlord generally finances the purchase of all fertilizer, seed, and poisons. He furnishes the necessary livestock, machinery, and in many instances provides financial loans for the tenant family. In cotton farming the landlord actually supervises the entire operation. He supervises the planting, the cultivation, fertilization, harvesting, ginning, and marketing of the crop.

I strongly urge you gentlemen to include these House-passed amendments when you draw up your bill in order that our farmers who need and desire this help can be fairly provided for.

To the Honorable W. J. Bryan Dorn, Congressman, Third Congressional District:

RESOLUTION, UNANIMOUSLY PASSED, GREENWOOD COUNTY GRANGE, JANUARY 10, 1956

Whereas what is commonly known as the social-security law was amended in 1954 for the avowed purpose of increasing its coverage, wherein farmers and farm laborers were specifically mentioned; and

Whereas over a long period of years, and due to the high cost of labor paid by other groups with which the farmer cannot compete, more so now than at any other time, most row-crop farming is done on a share-crop basis, whereby the landlord furnishes the land, credit for living expenses, fertilizer, and other supplies and necessities as called for in the agreement, keeps close supervision and management over the preparation of the land, cultivation and harvesting of the crops, and assigns or hands over to the sharecropper his part as wages; the sharecropper having no estate in the land, nor in the crop until such division or assignment is made; and

Whereas under aforesaid relationship the landlord's part has always been regarded as farm income, and the cropper's share as wages for his labor, said custom being supported by court decisions in this and surrounding States, and declared by American jurisprudence and other recognized authorities as the prevailing law of the land. Under such relationship both the landlord and the sharecropper would come under the provisions of the said act as amended provided the gross income, net income, or wages, as the case might be, met the required minimum, and,

Whereas under 1954 Revenue Code, Public Law 594, H. R. 8300, as passed by Congress, or in some other manner determined, a sharecropper is designated as self-employed and the landlord's share of the crop must be returned as rent, thus showing no farm income to the landlord and excluding him from qualifying under the provisions of the Social Security Act as amended. Such designation and ruling being contrary to custom, judicial decision, and the prevailing law of the land: Now, therefore, be it

Resolved, That this discriminatory act against the landowner be brought to the attention of our Senators and Congressmen in Washington and they be urged and petitioned to amend the act, or the ruling in reference thereto, by designating the landlord's share as farm income, and the sharecropper's part as wages in conformity with custom, judicial decisions, and prevailing law of the land, thereby making it possible for the landlord as well as the sharecropper to qualify under the terms of the said act in accordance with the true intent and avowed purpose in amending same, and that such change, if made, be retroactive to include farm year 1955.

The undersigned respectfully requests that your assistance be rendered on our behalf regarding this matter.

LARRY CRAIG,
Master, Cambridge No. 690, Ninety Six, S. C.

The CHAIRMAN. The next witness is the Honorable Lester R. Johnson, Congressman from Wisconsin.

STATEMENT OF HON. LESTER R. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Representative JOHNSON. Thank you, Senator.

The CHAIRMAN. Please be seated.

Representative JOHNSON. Members of the Senate Finance Committee, I want to thank you for affording me the opportunity to appear before you in support of H. R. 7225.

Before I go into my prepared statement, I want to touch on what Congressman Bryan Dorn has been telling you about the conditions in South Carolina and Georgia.

While we do not have the same condition in Wisconsin, we have a condition which is very much similar. From my experience with farming people, the way things usually work in Wisconsin is that a man farms his farm, say, until he gets to be 50–55 years old, and then maybe he moves to town and rents his farm on shares to a younger man. He furnishes half the cattle and the tenant furnishes the machinery, and they work the land on a 50–50 basis.

The landlord pays the taxes and pays half of the feed and half the fertilizer, and half of all the expenses, until the landlord can sell the farm, or maybe he keeps it for a period of 5 or 10 years.

I have been finding out that the way the social security people are interpreting the law, this landlord cannot come under the law.

Senator GEORGE. That is right.

Representative JOHNSON. And many of those men have worked all their lives on the farm. Had we enacted the social security legislation to include the farmers at an earlier date, they probably would all be eligible at this time. But the way the law is now, they will not let them include the income they are receiving from the farm as credit toward social security.

So we in Wisconsin are just as interested as you in South Carolina and Georgia and Virginia, and other States, are interested in that change.

What I want to talk to the committee about mainly, though, is a poll that I made in my district. Congressman Dorn was one of the other Congressmen who made a poll of the lawyers, the dentists, and the doctors and the veterinarians of his district to see how they felt about social security.

I was mainly interested because, after the Social Security Act was passed in the 83d Congress, and doctors and lawyers and dentists were left out, many of the lawyers and dentists, as I met them in the summer following the second session of 83d Congress, wanted to know why they had been left out.

So, shortly after the 84th Congress convened, I sent a letter out to all the lawyers, dentists, doctors, and veterinarians in the district. I tried to word this letter so that they could not tell my views on social security legislation. I wanted to get their actual reactions.

In that letter I included a ballot, and I will read you the letter which I sent to the lawyers. The letter to the dentists and the doctors and the veterinarians was practically the same, except it was changed to fit the particular profession.

Last summer, when I was out in the district, quite a number of lawyers asked me why they were not included in the amendments to the Social Security Act passed in the last session of the Congress. When the bill left the House, lawyers

and dentists were included but the Senate and the conference committee took both groups out.

Several bills have been introduced in this session to include lawyers under the act and these bills have been referred to the House Ways and Means Committee, but no hearings have been scheduled as yet.

At this time, I am polling the lawyers in the Ninth District to find out the views of the majority of the group on the question of social security coverage. I am not trying, in any way, to influence your decision for or against social security for lawyers, but if you will indicate your choice on the enclosed ballot, the results will be tabulated and presented to the committee when hearings are held. Please return the ballot as soon as possible.

A ballot is being sent to every lawyer in the Ninth District whose name is listed in the Directory of Wisconsin Lawyers in the Wisconsin Bar Bulletin.

Sincerely yours,

LESTER JOHNSON.

And the ballot read like this:

Social Security Poll of Lawyers in the Ninth District

Do you, as a lawyer, wish to be included under the Social Security Act? Yes_____ No_____."

And they gave their name and address, and any comments, if they wished.

This same type of letter was sent to other groups polled.

The first group I polled in the Ninth District of Wisconsin were the attorneys. A total of 194 ballots were sent out, and I received returns from 114 attorneys, representing 59 percent of the ballots sent out. I might say that from talking to other Congressmen, I believe this is a high percentage of returns on any poll that has been made. I think some members have told me if they get 10 percent back, they think they do pretty good.

Ninty-two voted in the affirmative, to bring members of the profession under social security; 16 voted no; and 6 expressed no opinion or preferred a voluntary program. Thus, of the attorneys who expressed an opinion, 81 percent voted to come under the social security program.

My second ballot was sent to the 164 dentists in the district. A total of 95 dentists returned their ballots, or 58 percent of the ballots sent out. Sixty-six dentists voted yes, to be included under social security; 28 dentists voted no; and 1 expressed no opinion or favored a voluntary plan.

This means that 69 percent of the dentists expressing an opinion voted yes. Incidentally, the Wisconsin Dental Association wrote me on March 31, summarizing the results of a poll which they conducted in the spring of 1954. Nine hundred fifty-six of those members who replied favored inclusion of the dental profession, and 505 were against coverage.

My last pool was taken among the veterinarians. A totol of 72 ballots were sent out, and 34 were returned, or 47 percent. Twenty-six veterinarians voted in the affirmative, and seven against coverage, with one ballot expressing no opinion.

Thus, 76 percent of the veterinarians in my district favor inclusion in the social security program.

After tabulating the results of my poll, I talked to 8 or 9 other Congressmen who conducted similar polls in their districts, scattered in various parts of the country. When we compared notes, we found

that the results in the districts they represented were very similar to those in mine.

I am sure that many other Congressmen had like results, although I did not see their polls.

And, as I said here a minute ago, I know that Congressman Dorn took a poll of the lawyers, doctors, and dentists in his district.

The CHAIRMAN. What was the poll on the doctors?

Representative JOHNSON. I do not believe I have it here, because doctors are not included. The percentage was less with the doctors than with any other profession.

The CHAIRMAN. I thought you said you did conduct a poll.

Representative JOHNSON. I did conduct a poll, but, you see, the doctors were left out because, I believe, of the American Medical Association. I think the doctors in my district ran around 59 percent in favor of it. I am just talking from memory. It might be 55, it might be 60. They were the lowest of any group.

But, as I recall from memory, Gracie Pfost, from Utah, had a poll——

Senator BENNETT. May I suggest, that is Idaho, Mr. Chairman.

Representative JOHNSON. Excuse me.

Senator BENNETT. Idaho.

Representative JOHNSON. I am sure Gracie would not want to have another State as her home State.

Senator BENNETT. If you put Gracie in Utah, you break up a solid Republican delegation, and I don't like that. [Laughter]

Representative JOHNSON. I see.

I would like to say a few words in support of the provision to lower the retirement age of women to 62, and to allow those unfortunate who became permanently and totally disabled to become eligible for benefits at the age of 50.

Since many women are 3 or 4 years younger than their husbands, lowering the age limitation by 3 years will assure the older people of our country a more adequate income in their declining years. I have received many letters from constituents, citing the hardships caused when father becomes totally disabled and is no longer able to provide for his family.

I might say I know personally of one particular case which illustrates the necessity of this change in the law. This is a man right in my home community, who has been a truckdriver all his life. I do not believe the man has ever taken a day off. He worked right along. And at the age of 49 he had a stroke. He cannot do another bit of work the rest of his life. He has been a thrifty fellow, and yet he has not got a great amount of money saved up.

He has paid social security since the act was passed. He does not want to go on relief, and it is forcing the members of his family to work; his wife has to work and the children are working, trying to make ends meet.

I think there are many cases like that, where people become totally disabled before 65, and the chances are that they will never live to be 65. I think that the House provision which makes anyone who is permanently disabled eligible at 50 is a very good feature, and I hope it can be kept in the legislation.

I believe that is all I have to say, gentlemen, unless you have questions.

I cannot recall the names of the rest of the Congressmen who made polls, but I know that 8 or 9 talked to me about it and they did conduct polls. I can recall those other names.

There was a Congressman from Texas who polled his district. What interested me, was it was not just my particular district in the United States that was interested in social-security coverage, but it was pretty general in different areas.

(Off the record.)

The CHAIRMAN. Thank you, Congressman.

The next witness is Congressman Charles E. Bennett of Florida.

Please be seated, Mr. Bennett.

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. BENNETT. Mr. Chairman, I appreciate this opportunity to testify on H. R. 7225. I am particularly interested in two aspects of this bill: benefits for disabled children who are over 18 and improvements in the public-assistance programs.

Section 101 of H. R. 7225 provides for continuation after 18 of insurance benefits for children who are disabled before attaining the age of 18, and who were receiving benefits before attaining that age. This is a great improvement over the present law, which now cuts off children's benefits when they reach 18, even though they are disabled. Nevertheless, I submit that section 101 does not go quite far enough. It protects disabled children of those covered by social security only if the children were disabled before 18 and were receiving benefits before that age. Many workers have permanently disabled children for whom they need the assurance of financial protection in the event that the worker should die after the child reaches 18. I have introduced a bill in the House, H. R. 7875, to make disabled children over 18 eligible for social security even though they were not receiving benefits before 18. I have also drafted and submitted to this committee amendments to section 101, H. R. 7225, which would accomplish this result.

The need for an amendment of this type was called to my attention by the case of a 30-year old mentally incompetent son of two of my constituents who are covered by social security. The father is in the State insane asylum. The mother is working, but she fears that she and the father will die, thus making social-security benefits impossible, leaving the son financially unprotected. I believe there is much equity in her contention that the law should be amended to make her son eligible for benefits upon the death of the parents. The spirit of the child's benefit provisions is that a worker's children should receive some insurance benefit until they are able to become financially self sufficient. However, where a disabled child is not able to become financially self sufficient, his parents who are contributing to social security funds should have the assurance that the child will be protected when they are dead and no longer able to take care of him.

I would also like to testify in favor of at least increasing the Federal contribution for old-age assistance to $25 for the first $5 of State funds, and the maximum payment to $60. I have introduced a bill, H. R. 404, to provide such an increase, but it would be more convenient

to amend H. R. 7225 to bring about this result. I feel that these increases are in line with the increased cost of living experienced since the last permanent raises, and I hope this committee will be able to include this amendment in H. R. 7225 or make even more liberal provisions if possible.

I also recommend that the committee amend H. R. 7225 by providing for greater utilization of surplus commodities to care for those who receive funds under the public-assistance programs. I believe this committee is better qualified than I to decide whether this should be done by a surplus food stamp plan or in some other way. I certainly hope that such an amendment can be included in H. R. 7225.

Thank you, Mr. Chairman, for permitting me to testify here today.

The CHAIRMAN. Thank you.

The next witness is Congressman Kenneth J. Gray of Illinois.

Please be seated, Mr. Gray.

STATEMENT OF HON. KENNETH J. GRAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. GRAY. Mr. Chairman and members of this fine Senate Finance Committee, my name is Kenneth J. Gray, Representative in Congress from the 25th Congressional District of Illinois. I deeply appreciate the opportunity you have afforded me in allowing me to appear before your committee concerning the very important social-security bill now under consideration.

Thousands of people whom I have the honor of representing are covered by the old-age and survivors' insurance program and, at the offset, let me assure you that virtually all of these workers and their families support the basic principles which Congress has written into the national social-security programs. Time will not permit me today to cover completely all of the provisions of the bill that you now have under consideration, but there are specific proposals I would like to offer at this time and ask that you give your utmost consideration to their adoption.

First, I am firmly convinced, and have thousands of letters to substantiate my belief, that the retirement age under social security should be lowered from age 65 down to age 60 for both men and women. There are literally thousands of persons in my congressional district who are between the ages of 60 and 65 who would like to retire, but, under the present law, are not allowed to do so. If the people in this age bracket were allowed to retire on their social-security benefits, it would make available their jobs for some younger unemployed workers. We have been classed by the Labor Department as a class 4–B area where there is a very substantial labor surplus. By lowering the age by 5 years for men and women, I know that much can be done to help ease the heavy unemployment load and thereby relieve many unemployed workers from the Federal Government and State-supported relief rolls. I believe the retirement provision should allow voluntary retirement and not be mandatory. I was happy to introduce H. R. 2397 in the House, but, due to the objection of the United States Health, Education, and Welfare Department, the Ways and Means Committee only recommended the lowering of retirement age to 62 for women and none for men. In my opinion, this bill would be

grossly inadequate without the provision I have just mentioned and I am looking to this body for salvation for many deserving citizens of my district.

I would like to urge that the provisions allowing all permanently and totally disabled people to retire at the age of 50 remain in H. R. 7225. This is a very important feature of the bill and it will do much to help those who are not able to help themselves.

Next, I would like to urge that the food-stamp plan as proposed by Senator Kerr, of Oklahoma, and others be incorporated in the social-security bill before you. As you are well aware, the food-stamp-plan amendment has a threefold objective that I believe has been sorely needed in many communities for some time. It would provide that those who are unfortunate enough to be on public-assistance rolls could be better fed and clothed; second, farm surpluses could be put to a better use; and, third, local stores could have more business.

Lastly, I want to wholeheartedly embrace the amendment offered by Senator Russell Long, of Louisiana, and others on a matching formula for old-age assistance under the provisions relating to public assistance, and a contemplated amendment increasing the minimum benefits from $30 to $55 on old-age and survivors insurance. The recipients, and especially the old people, have been shamefully neglected under the public-assistance section of the Federal Social Security Act, and even more so under the high standard of living in our country today. I strongly believe in an adequate income for our aged citizens; and legislation, as these amendments propose, is a step in the right direction. Yes, we have in Illinois and many other States public-assistance programs, but, in almost all instances, these deserving recipients have been processed and embarrassed by pauper affidavits, lien laws, relatives' responsibility laws and many other such procedures with the end result of only receiving a few dollars which in most instances is not sufficient on which to survive. I see no reason why, in a prosperous country such as ours, our aged people should be required to dispose of everything they have and declare themselves paupers, separate children from their parents by the forced relative support laws, place liens on their property and generally give them a most welcome attitude by the Government and an experience they will not forget the few remaining years of their lives. By the toils, the paying of taxes and the guidance of these elderly people, our Nation has grown to what it is today and we should use the benefit of their knowledge and wisdom they learned through experience and abolish pauperism, hunger, and fear by giving them their rightful place as American citizens who can enjoy the fruits of their labors.

Mr. Chairman, as I stated previously, time will not allow me to discuss each one of the social security benefits in detail; however, I want this Senate committee to know that there are thousands of people in my Congressional District and many other districts in the country who are depending on your committee to write a just and fair bill that will benefit our deserving people. From the thousands of letters I have received and the many personal contacts made, the people have overwhelmingly evidenced the fact that the above suggestions outlined by me this morning are what is wanted and what is needed by not only the American workers in my district, but also elsewhere in these United States. I sincerely hope that the above sug-

gestions can be incorporated into one bill and reported out without undue delay.

I again want to thank you for the courtesies extended to me in allowing me to plead this case in behalf of the good people of southern Illinois.

The CHAIRMAN. Thank you, Mr. Gray.

Our next witness is Congressman John A. Blatnik of Minnesota.

Please be seated, Mr. Blatnik.

STATEMENT OF HON. JOHN A. BLATNIK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. BLATNIK. Mr. Chairman, I want to thank you for this opportunity to appear before this committee to express my views on the very great need for liberalizing and expanding our social-security system.

Last August marked the 20th anniversary of social security. Twenty years ago only 1 worker in 20 was covered by a public retirement program. Today only 1 employed person in 10 is not so covered. Social security has come a long way, but it has yet a long way to go.

The reason for this is that in the past two decades the problem the original social-security law was designed to deal with has greatly increased. The population of our Nation, for instance, has doubled since 1900. But in that same time the number of persons over 65 years of age has quadrupled. From 1947 to 1952 the population aged 65 and over increased an almost unbelievable 17 percent. The total population in that time increased only 5 percent. By 1975 there will be more than 20 million Americans 65 and over. At the same time the cost of living remained terrifically high. The rather meager benefits under existing law are hardly in tune with economic realities of today. And this is true despite the recent increases in benefits and other piecemeal improvements in the present law.

Basically, Mr. Chairman, we are still operating under a 1935 law trying to solve the problems of 1956. We do all in our power to modernize our laws calling for highway construction, defense measures, and countless others, yet when it comes to the field of social welfare and social security we seem satisfied with things the way they are. It is no more logical to put the tremendous traffic of today on the roads of 1920 than it is to try to solve the problem of today's aged and disabled with programs developed two decades ago. Present law just is not designed to solve the tremendous problem confronting us today.

For example, the $4,200 wage base in present law brings us up only to the 1949 level of wage increases. The present wage base was approved in 1954. So we are about 5 years behind the times. In 1954 we were doing what should have been done in 1949. Today the wage rate is even higher, but the base remains the same, completely out of tune with the economic realities of the times. As Secretary of Health, Education, and Welfare Folsom has said, "Social legislation must change with changing social and economic conditions." These are fine sentiments, but we do not seem to be living up to them.

Lest there be any misunderstanding, I want to make it perfectly clear that I am in favor of and voted for H. R. 7225 in the House last

session. It is a good bill, but it does not go far enough. It is another example of this piecemeal approach to the problem which cannot possibly keep up with the times. What is needed is a broad, frontal attack on the problem so that a real solution can be offered to the American people.

For instance, H. R. 7225 calls for the lowering of the age from 65 to 62 at which women become eligible for benefits under the law. Ever since coming to Congress I have urged that the retirement age in general, for men and women alike, be lowered to age 60. I have introduced a bill in the House with such provisions, H. R. 4471, which is now pending before the Committee on Ways and Means. I receive countless letters from friends and constituents back home who plead for a lowered retirement age. Many of them are sick and disabled enough not to be able to work, but they must wait until they reach 65 before they become eligible for aid. This seemingly magic number 65 should not bind us or blind us to the real need of the people.

Allowing disabled persons to retire at age 50, another provision of H. R. 7225, is a fine, progressive improvement in present law. It is tragic that this was not done long ago. And why must there be disability age limit at all? When a person becomes totally disabled, bedridden, and unable to work, he needs aid. What we seem to be saying in H. R. 7225 is that a disabled person over 50 needs help, but a disabled person under 50 can take care of himself. Such is not the case, and everyone knows it. Yet the solution to the problem is shackled with this complete unrealistic age requirement. Disabled persons of whatever age need and deserve social-security coverage and until such is the case, we will not be adequately discharging our duties to the American people.

I was extremely pleased to see coverage extended to certain self-employed groups under the bill. This, again, is a great improvement and one I have long striven for. But we see once more the piecemeal approach to the problem. The real solution is to extend coverage to all persons—to enact a truly overall and comprehensive social security program for all today and not wait another few years to make a change here and a change there. The problem exists right now. We should not postpone the solution which we know to exist. Every moment lost just adds to the misery and tragedy of many of our older and disabled citizens. The provision calling for monthly payments for dependent children, which now ceases at age 18 for all children, to continue beyond that age for totally and permanently disabled children and their mothers is another great improvement over present law and one I have long supported. I am happy to see it in the bill.

Apparently there are those who think we are unable to afford, from a financial standpoint, to take such a step toward the solution of the problem. Is it possible that a Nation as rich as ours cannot afford to provide security both financial and social to its older citizens who helped make it as rich and great as it is? I cannot believe that such is the case. Headlines blare out the good news that our economy is approaching the $400 billion mark. But how much publicity is given the fact that nearly three-fourths of all Americans over 65 years of age either have no income of their own or receive less than $1,000 a year? This is a said commentary on our economy. While storage bins burst with surplus food, many of these older folks actually live on marginal or submarginal levels. I am convinced, Mr. Chair-

man, that our economy can withstand the expense of a real social-security system.

More than merely withstanding such a program, I am of the opinion that providing true financial security to the older people of the Nation will have the effect of actually bolstering the economy. Improved social-welfare programs have long been recognized as an effective means of helping an economy such as ours remain strong and vital. Putting dollars into the pockets of the people who need and want most to spend will help bolster the American economy and make it stronger than ever before. Poverty, on the other hand, the kind of poverty facing the old folks throughout the land, has the effect of dragging down the economy and preventing it from expanding normally.

In conclusion, Mr. Chairman, while I support H. R. 7225, I urge this committee to seriously consider taking an even greater step forward toward the solution of the very grave social problem facing the aged and disabled of America. The problem continues to increase with each passing day and will continue to do so as long as the piecemeal approach toward its solution is followed. The problem has increased so tremendously, Mr. Chairman, that the laws of 20 years ago are no longer sufficient. We must begin to think and act anew in this field and provide the American people with a real retirement and pension program designed to meet the problems of today.

The CHAIRMAN. The next witness is Mr. Henry Viscardi, president of Abilities, Inc., New York.

Mr. Viscardi, we are very glad to have you, sir.

STATEMENT OF HENRY VISCARDI, PRESIDENT, ABILITIES, INC., NEW YORK CITY, N. Y.

Mr. VISCARDI. Thank you, Senator.

I deeply appreciate, gentlemen, the invitation to come and express my views to you today.

I should like to indicate that I have certain apprehensions in connection with this legislation, specifically with reference to lowering the eligibility age to 50 for totally and permanently disabled people.

What I would like to do this morning is briefly qualify myself, and then to tell you gentlemen an interesting story of a group of disabled people who have accomplished some rather startling results in a small company on Long Island, of which I have the honor to be the president and general manager.

I was born without limbs, and I wear artificial legs. I have spent my life close to this problem of disability, and I have a great faith in solutions which can be obtained in a competitive, free enterprise spirit in our country.

I would now like to read, if I may, and make reference to portions of the Third Annual Report of Abilities, Inc., in order to outline the apprehensions which I feel; and then, should it be your wish, I would be very happy, at your request, to submit the entire report in evidence for your minutes.

A group of severely disabled people are now operating a successful manufacturing enterprise in Long Island called Abilities, Inc. It was chartered as a membership corporation 3½ years ago, on the principle that we would accept no charity.

The money to found this corporation was borrowed from local citizens at interest. We decided that we would pay prevailing wages, we would compete in the open market for all contracts. We said that we would not weave rugs or make baskets, but we would indulge in highly skilled manufacturing operations in the electronics field, and yet we would only hire those severely disabled people who could not get employment elsewhere.

The first production line in this plant received a competitive contract, to lace cable assemblies that are a component of the firing mechanism of Sabre jets, in the early winter of 1952, and the first four employees were hired.

Among these 4 men, we had but 1 usable leg, and that leg was on a boy whose other leg was disarticulated at the hip, and one of whose arms was off at the shoulder. He was a Navy veteran.

Incidentally, he was affectionately referred to as "the leg man." He swept up nights.

Among those same 4 men we had but 5 usable arms; 2 were veterans, 2 were nonveterans.

In the first year of business, this little company grew to 59 employees. It paid back the $8,000 which had been borrowed, at interest, and netted in profits in excess of $52,000.

Since it is chartered as a membership corporation, the profits cannot be siphoned off to any stockholders or individuals, but must be retained to perpetuate the corporation, to do research and teaching and develop more knowledge of the problem. Under such charter the corporation is exempt from payment of Federal income taxes.

In the second fiscal year of business, this same company grossed in excess of $400,000 in sales; and in the third year of its business, this company grew to 169 employees, and its gross sales were in excess of $600,000. We hope to exceed $1 million gross sales this year.

It is interesting to indicate to you that included among these people is every known static and progressive illness; none are excluded, and all are severely disabled.

It is interesting that this little company provides fringe benefits of approximately 42 cents an hour to its employees, which includes life insurance of not less than $2,000 for the people who work there, with a progressive payment of life-insurance benefits up to $5,000.

Incidentally, the life-insurance coverage, although all of the people as individuals would not be insurable, provides for total and permanent disability benefits to them, although they are already all totally and permanently disabled under any concept we know of life-insurance coverage.

The benefits paid by the company to its people who work there include Blue Cross and Blue Shield and hospitalization, and we are now working on a pension plan.

The safety and attendance in this company is so far ahead of average companies with unimpaired workers, it is unbelievable. The national average for unimpaired workers per 100 scheduled working days, of days absent is 3.3 percent; for our disabled people it has been 0.021.

The days of paid sick leave, on the national average, is 1.3; for our people at Abilities, it is 0.019.

The average days lost per injury per 100 scheduled working days, on a national average is 0.13 percent; for our people at Abilities, it is 0.033.

But perhaps you might be interested in the most striking contribution that has been made to the economy by this group of disabled people. In the 3 years of operation covered by this third annual report, these disabled people produced goods valued at $1,248,700. They received salaries of $668,500. They paid in social-security taxes to the Government $22,650; in withholding taxes, $68,200; in disability payments to the State, $4,830, in State unemployment taxes $16,800.

The total of new wealth returned to the community by this group of totally and permanently disabled citizens, in 3 years of productive, competitive operation, amounts to $2,067,790.

During this same period, it would have cost the community and the local government $415,850 to have supported these people on the relief rolls.

Not only have we saved the $415,850 of support in relief, but we have poured back new wealth to the community of $2,067,790.

I cannot estimate the intrinsic value in what we have brought in dignity and happiness and productivity to the lives of these people as individuals. I feel deeply concerned that these people in our community are no different from people in other communities, and yet they could all qualify for benefits under this proposed legislation.

Now, if they are disabled, it is my apprehension, gentlemen, that it is not because of their physical disability. Ninety-six percent of them never worked in their lives before. At least 20 percent of them would qualify by age as well as disability. Some of them are as old as 82.

Their occupational disability is because of prejudice and aversion and ignorance on the part of the industrial and commercial community, and what troubles me is that, should we stigmatize our disabled people with a productive age limit of 50, we might destroy the opportunity for them to be productive, and we might condone some of the ignorance and some of the prejudice that exists which prevents them from exercising their abilities and not their disabilities.

Our disabled people are crying for the right to be the same. They both want to be and should be considered as the ordinary people they really are, each according to his individual capacities and abilities, and each with his compensating qualities to offset the extremes of physical makeup.

One of the men whose picture is in this report was born with no arms or legs. He has neither. Gentlemen, this man drives his own car to work every day. He shaves himself, dresses himself, buttons all his buttons, and ties his tie. He is so competent that he is a lead man in our company, not just a worker, with 12 people under him.

If we could only, in the communities of America and in commerce and in industry, shake the ancient superstitions which make us divide our world into able and disabled persons, and the prevailing belief that the man who has lost his limbs is different from other people. From a medical point of view, sure, he is different; but in society and in industry it is his abilities that count and not his disabilities.

None of us is without limitations. But sheer physical strength is no measure of general ability.

Homer could have squatted in the dust at the gates of Athens. The rich would have pitied him and tossed gold into his cap, because he, like Milton and Prescott, the historian, was blind.

Julius Caesar, the first general, statesman, and historian of his age and, excepting Cicero, its greatest orator—he was a mathematician, a philologist, a jurist, an architect—was an epileptic.

There are no disabled veterans, only veterans, and there are no disabled people, only people.

The extremes of physical suffering carry with it a great complement, which is the patience to continue to struggle for the right to be considered the same as the rest of the world, and not different.

There is nothing which can be substituted for this basic human right; no honors, no pensions, no parades, no subsidy, can replace the wishes of every person who has known disability to live and work in dignity, in free and open competition with all the world, not as a different person, but, rather, as the same as others, with varying degrees of weakness and strength and complementary qualities to offset the extremes of physical makeup.

The beginning of this great program is to be found in the Baruch Committee on Physical Medicine founded by Bernard Baruch in 1944.

It is my hope that with greater understanding in our country of the problem of disability, with the tremendous increasing knowledge of rehabilitation and in the training of new specialists, that one day, perhaps, we will have an end to all the special privileges of being different, and be allowed the equal opportunities and challenges of being the same as the rest of the world.

I know, gentlemen, that there are people so disabled that they will never know a productive life. But I know, too, that there are a large number, millions of citizens in our country, who can know this productivity, if we have enlightenment and understanding and rehabilitation and new concepts.

While I have no recommendations that I would presume to make to this great committee, I come to indicate my apprehension that we may stigmatize the disabled by this legislation; we may condone the ignorance, the misunderstanding which exists; and we might then deprive millions of our citizens of the right to know a productive life, and have them resigned to subsidy, which is not their heritage as Americans.

I take the liberty of reading from the last page of this annual report the credo of these so-called disabled people who have defiantly formed this company know as Abilities, Inc., these words:

> I do not choose to be a common man. It is my right to be uncommon—if I can. I seek opportunity—not security. I do not wish to be a kept citizen, humbled and dulled by having the State look after me. I want to take the calculated risk; to dream and to build, to fail and to succeed. I refuse to barter incentive for a dole. I prefer the challenges of life to the guaranteed existence; the thrill of fulfillment to the stale calm of Utopia. I will not trade freedom for beneficence nor my dignity for a handout. I will never cower before any master nor bend to any threat; it is my heritage to stand erect, proud, and unafraid; to think and act for myself, enjoy the benefit of my creations, and to face the world boldly and say, "This I have done." For our disabled millions, for you and me, all this is what it means to be an American.

I have told you that I have a personal stake in this issue, and I regret I have no recommendations to make; only grave apprehensions. But I have the belief in other solutions to the problem if we can only try them. How can we now judge the extent to which he can project the horizons of total helplessness?

I was born a crippled child, horribly deformed, with no lower limbs, and I spent the first 7 years of my life, consecutive years, in one hospital.

And when I was a child, I remember asking my mother, "Why me?"

And she told me that when it was time for another crippled boy to be born into the world, the Lord and his counselors held a meeting to decide where he should be sent, and the Lord said, "I think that the Viscardis would be a good family for a crippled boy."

That, gentlemen, is how I feel about our country, about the communities of America, about American labor, and American commerce and industry. If this, the greatest industrial nation in the world, is increasing its population of disabled and overage people because of its progress, then no better laboratory could have been provided to give us a pattern for the utilization, the *utilization*, of our priceless human resources, our disabled and overaged people.

I do not know if these thoughts contribute any to your deliberations but, believe me, I am grateful that you have honored me by asking me to come and indicate these apprehensions, and I thank you for this privilege.

The CHAIRMAN. Thank you very much. You have made a very impressive statement.

Any questions?

Senator MARTIN. Mr. Chairman, I would just like to make this comment: It is unfortunate that all of the 165 million Americans could not hear this statement.

Mr. VISCARDI. Thank you, Senator.

The CHAIRMAN. Senator George?

Senator GEORGE. Nothing, except commendation of your attitude and your accomplishments. You, indeed, mean much to America.

Mr. VISCARDI. Thank you, Senator.

May I extend an invitation to you gentlemen to come and visit us, should you ever be in Long Island. You would be most welcome to go through our plant and see these wonderful Americans at work.

There is a sense of purpose, and dignity and personal happiness, which is electric, you will feel it as you go through that plant.

The CHAIRMAN. You say all of them are disabled?

Mr. VISCARDI. Yes, sir, every single one of them, including the truckdrivers, Senator, is totally and permanently disabled; and yet we are manufacturing competitively on subcontracts for such companies as General Electric; RCA; Remington Rand, we make the relay line for Univac for them; Sperry Gyoscope Corp., and many others—highly skilled, competitive operations.

If I may speak off the record for just a moment.

(Off the record.)

Mr. VISCARDI. I think it is a lesson to the communities of America of what could be done if we could exercise more rehabilitation, more human kindness and understanding, and shake ourselves a little bit of prejudice and ignorance and aversion against the disabled.

The CHAIRMAN. Do you think that all of your men, or most of your employees, could qualify for permanent disability under the terms of this law?

Mr. VISCARDI. I have no doubt about it, Senator. Indeed they could. In fact, about 20 percent of them would qualify for age alone,

because we have a separate group of the overaged, who also have disabilities.

No doubt about it, Senator, every single one could qualify under this legislation.

The CHAIRMAN. Of course, they are much better off and much happier by not qualifying.

Mr. VISCARDI. How much happier they are, sir. We have so many instances of it.

A little girl comes in her wheelchair who has had polio at the age of three, and nothing but home instruction. We have the problem of beginning to train those crippled hands to begin to work on electronic components. But today, that girl drives her own car to work, with hand controls, and it is a thrill to me to walk into our parking lot and see sports cars and even a secondhand Cadillac parked there, that these people are driving.

Most of them are in wheelchairs. It is a thrilling thing to see them parading out at night. And you know, it is no different than being tall or short, fat or thin, or bald or having hair, or wearing glasses or not wearing them. We are proud to have all the usual problems of American industry—romances, and fist fights, and a little crap shooting in the men's room.

It is wonderful American experience to show what can be done if we would only apply some enlightenment to the problem.

Senator GEORGE. How many people are in your establishment?

Mr. VISCARDI. We now have 182, Senator, there are over 400 on the waiting list to be employed.

Senator GEORGE. One hundred eighty-two.

Mr. VISCARDI. We have purchased 8 acres of land, and are prepared to build, we have broken ground for a big plant which will accomodate about 350; and we hope to run with it a center for human engineering research, where we will do research and studies, and teach to American industry and other communities what we have learned.

Oh, I wish with all of my heart that one day there could be an installation like this beside the post office in every American city.

If you would like to look at the annual report I brought some extra. I do not want to impose by offering them unless you wish to have them.

Senator GEORGE. We would be very glad to have them.

Senator BENNETT. Mr. Chairman, I am curious as to what program, if any, Mr. Viscardi has for telling this story in other industrial centers, so that perhaps duplicates of this organization might be spread all over the country.

Mr. VISCARDI. Senator, I have received requests not only from—my mail comes now not only from our country, but from throughout the world. And I worried a great deal about how I could translate this to other communities. It is not easy for me to leave such a young enterprise. It is not ready to go on by itself.

I cannot be in every city to start something comparable, so I have decided, with the help of the senior citizens of our community, who believe in this, that we would establish a pilot demonstration in this new building, and we would invite the people from industry throughout the country, the people from labor unions, the people from com-

merce, the representatives of the community, to come in and see the demonstration, and then we would run a series of conference-teaching seminars to share with them our experience, and we would also conduct a long-range research program to synthesize that experience, constantly offering it through these teaching seminars; and would go one step further, and entertain fellowships, so that people who wish to copy this example in other communities could be trained over 6 months or a year in what we had done.

It was necessary, Senator, that I establish that we could exist competitively and profitably. There was no precedent. That was the first thing to be done. I have devoted 3 years to this.

We have now succeeded in that effort. Now we shall turn the winter, in the new building, to the next problem, which is to set this up as a pilot demonstration. We hope to expose industry, labor and other communities to what can be done, and increase understanding and enlightenment, while we do the research.

Senator BENNETT. I think that is an important next step in your program, because it takes, somehow, the inspiration that you have been able to first get for yourself, and then translate into this organization; that inspiration must be supplied to a lot of other people.

Mr. VISCARDI. It has troubled me a great deal, as to how we would do it. I at one time thought I had to travel around, but you cannot do it in one visit or two, and there are so many communities.

I think by establishing a good pilot unit and getting adequate exposure, and then having a place where people can come back once a year and exchange ideas and compare notes, to enrich their own experiences, may be the answer.

Of course, I have been restricted by this fierce determination to build Abilities, Inc., out of earnings and profits; yet we have succeeded in doing it, and I know we shall continue.

Abilities, Inc. has never accepted a donation, never accepted a grant. All of this has been done out of earnings. The research in human engineering and the training must be subsidized.

The CHAIRMAN. Where did you get your capital to start with?

Mr. VISCARDI. I went to local citizens, and I borrowed a thousand from one and five hundred from another, until we had a little pool of $8,000 to start the company with.

Today we are meeting a payroll of $12,000 a week.

The CHAIRMAN. And you paid that money back, did you?

Mr. VISCARDI. In the first year, Senator. We paid it back with interest.

The CHAIRMAN. I certainly commend you for that.

Senator BENNETT. I should like to ask one other question. Have you surveyed the possible fields into which similar organizations might go? You are in a very interesting and important field, but a field which is limited somewhat to the area where the prime contractors are operating.

Have you given any thought to that?

Mr. VISCARDI. I have, Senator. Right now, our little company is operating in our plant—I may be off by 1 or 2—149 separate job contracts for 16 separate companies, and we are drawing our work from 4 surrounding States.

Now, this is done deliberately, to prove a theory of what we refer to as a fluid work force. Our blind people, for example, are required to be checked out in efficiency on at least 3 jobs—not 1, but 3—so that if 1 job dries up they can turn to another, and so that we can prove to American industry that the disabled worker is not a static worker, but one who can relate to other jobs.

We now have 6 separate divisions of our company, only 1 of which is electronics, although it is the main one. We are into process packaging; we are deeply into coil winding; we are deeply into mechanical assembling and welding; and we have a variety of work, to establish that there need not be just one type.

We hope this will prove that what we have done is appropriate to other areas; and with transportation, work sources need not be in a periphery of a hundred miles. It could be 800 miles or a thousand from the plant.

Senator BENNETT. I would like to ask one more question, Mr. Chairman.

Are your people organized——

Mr. VISCARDI. No, sir.

Senator BENNETT. Into unions?

Mr. VISCARDI. No, sir; we are not.

Now, we do have a direct and constant liaison with the representatives of organized labor, from whom we get advice, and with whom we share experiences, and from whom we have a continuing expression of interest. But the nature of this is so unusual as not to lend itself, in my opinion, to a labor organization.

Senator BENNETT. Your fluidity would tend to disappear if you did.

Mr. VISCARDI. Plus the severe, complicating disabilities of our people.

Think how incongruous it is, sir. We take a contract from the General Electric Co., a subcontract, on a competitive basis, to meet quality standards and delivery schedules; and then hire several crippled people, totally and permanently disabled, with no work experience. And, while training them, we meet those commitments. We are proud of our record of performance and quality.

Well, anyone would throw up their hands at setting the usual yardsticks of organized labor to such an organization.

Senator BENNETT. That is right.

Mr. VISCARDI. Frankly the greatest benefit of what we will do will come from this research and teaching and demonstration, which I hope will set new ground rules for American industry and commerce and labor, to help them in absorbing more disabled people.

I should mention, sir, that while we still keep expanding and meeting these schedules, we are proud of the fact that in the last year we have lost an average of three people per month to better jobs, in better companies—I won't say "better companies," pardon me [laughter]—among our competitors [laughter], including the General Electric Co.

The CHAIRMAN. We certainly thank you very much for your presentation.

Mr. VISCARDI. Thank you for asking me to come.

The CHAIRMAN. The committee will adjourn until next Monday, getting ready for a pension plan.

(By direction of the chairman, the following is made a part of the record:)

THE AMERICAN LEGION,
DEPARTMENT OF WISCONSIN,
COOK-FULLER POST, No. 70,
Oshkosh, Wis., February 29, 1956.

Hon. HARRY F. BYRD,
United States Senator,
Senate Chambers, Washington, D. C.

DEAR SENATOR: I will introduce myself briefly. For over 30 years I have served our local post of the American Legion as service officer and have had the privilege of serving the Department of Wisconsin in several capacities, chiefly, as a member and chairman of the department rehabilitation committee.

During the period of my service, I have contacted many veterans who have either suffered service-connected disabilities or who have non-service-connected disabilities and have been beneficiaries of the Government in drawing either disability compensation or pension.

Recently it was brought to my attention that there is now before your committee H. R. 7225 for your consideration and recommendation. It is my understanding section 224 of this bill provides that where a veteran is receiving either disability compensation or pension and who also comes under the provisions of social security, would be penalized in his social-security benefits by the amount he might be receiving in other governmental benefits mentioned above.

It would seem to me this is a gross injustice and I strongly urge that you use your position to have a change made in this particular section. It seems very unfair that anyone having paid into the social-security fund the amounts as required by law should not receive the full benefits he would be entitled to. The existing provisions certainly go a long way to work a hardship on a disabled veteran. I will appreciate your giving this your consideration and receive advice from you as to what your position may be.

A copy of this letter is going to the two honorable Senators from the State of Wisconsin for their information.

Respectfully yours,

EARL E. FULLER,
Courthouse, Oshkosh, Wis.

STATEMENT OF THE NATIONAL LUMBER MANUFACTURERS ASSOCIATION

This statement is made by the National Lumber Manufacturers Association in opposition to H. R. 7225, a House-passed bill to change the social-security system and to increase the taxes thereunder. The National Lumber Manufacturers Association is a nationwide federation of 16 major associations of lumber manufacturing companies. The lumber industry is one of the Nation's largest industrial employers and by far the largest aggregate of individual companies and enterprises engaged in a single industrial activity.

In brief, the House-passed social-security bill would (1) extend benefits to certain groups not now covered; (2) reduce the age at which women become eligible for benefits from 65 to 62; (3) add an entirely new feature giving disability payments to disabled workers beginning at age 50; and (4) raise the combined employer-employee payroll tax by 1 percent and the tax on earnings of self-employed persons by three-fourths of 1 percent, effective immediately. The bill was reported out by the House Ways and Means Committee last year without public hearing. The House floor debate and the committee's report reveal that the measure was considered inadequately and that there was neither advance study of its proposals nor advice from experts who had opportunity to study them.

The social-security trust fund and the taxes levied to create it bid fair to command a tremendous portion of the national wealth and income. For calendar 1956 social-security contributions (which are basically taxes upon payrolls) are estimated at $8.2 billion, payments at $6.5 billion, and the trust fund balance at $24 billion. But by 1980 social-security tax collections will have risen to about $20 billion, annual payments $18.25 billion, with a trust fund balance of $83 billion. These apparently favorable figures are dangerously conservative, assume continue high-level employment, and fail to consider further liberalizations that are sure to follow each and every expansion of the program.

Just the lowered retirement age for women proposed here would cost the taxpayers $400 million in the first year of operation, rising to $1.3 billion by 1980. The disability feature would cost about $200 million in the first year of operation, skyrocketing to over $1 billion by 1980.

To meet these costs, H. R. 7225 would raise the social-security tax on payrolls that is shared by employer and employee from the present 4 percent to 5 percent, effective immediately. The tax on earnings of self-employed, which is a tax on gross income rather than net income, would be increased from the present 3 percent to 3¾ percent. This means that under the projected statutory formula already enacted, the employer-employee payroll tax would rise to an abnormally high level of 9 percent by 1975, and the self-employed tax to 6¾ percent. There is no sound evidence that these staggering increases will meet the need of the current program, let alone further liberalization of benefits.

Qualified witnesses who appeared before the committee have pointed out that lowering the retirement age for women runs contrary to the ever-increasing life span, would reduce gross national production by removing women from the labor force, would force retirement of elderly women who want and who are capable of gainful empolyment, would increase the total cost of the social-security program, and would unleash irresistible pressures to further lower the retirement age for both men and women.

Least desirable feature of the bill, both as to what is proposed, its cost, its relationship to all other public and private assistance and pension programs, and its implications, is the provision for disability benefits at age 50. Wide differences of opinion have been expressed by witnesses on this feature which should be removed entirely from the area of opinion before legislative action is taken. Paradoxically, on one hand it has been argued that monthly disability benefits would be an incentive to rehabilitation of disabled workers; on the other, that incentive to rehabilitate and reenter the labor market would be weakened or destroyed.

The full implications of charging the States with administration of the program are unknown. Heretofore the old-age and survivors insurance program could be administered precisely because eligibility was determined by the undisputed facts of age and death, but the administration of disability benefits involves personal judgment and discretion by State agency officials even with Federal standards. Such standards cannot be precise. They will subject political agencies to all the subtleties of pressure that can be brought to bear. Further; as insurance company experts have pointed out, there is no valid experience data on which to estimate the bill's cost. Data collected from private insurance plans show tremendous variance. Time has not yet permitted an evaluation of experience under the 1954 Social Security Act amendments that preserve rights during a period of disablement (as pointed out by the Social Security Administration). Also, insurance experience amply shows that vocational rehabilitation is delayed when disability benefits are given as a matter of right, not because of fraud or willfulness, but because of psychological fears.

We are opposed to this bill because its economic consequences are extremely dangerous. The amendments here proposed may have immediate and far-reaching impact upon our economy. They propose to take the social-security system into the unknown. No recognition is given to nor allowance made for the pressures which are certain to be unleashed by lowering retirement age and giving disability benefits as a matter of right. Each and every proposal to liberalize benefits touches off demands for further changes that are hard to resist on grounds of equity or expediency. The social-security program is coupled already with spiraling tax rates projected years into the future. They are so high as to preclude further increases or a broadening of the bases upon which benefits are calculated without endangering the program's solvency and destroying public confidence.

The House debate on H. R. 7225 and the committee report reveal an undertone of fear as to the soundness of the proposals. And, as pointed out in the floor discussion, the bill has no margin of safety. All these factors, considering the role that social security plays in our national economy, are compelling reasons why the Senate Committee on Finance should act unfavorably on the House-passed bill.

STATEMENT OF THE REVEREND GOULD WICKEY, PH. D.

Honorable gentlemen, my name is Gould Wickey, a resident of Maryland with offices in the city of Washington.

For more than 26 years I have been the executive secretary of the board of higher education of the United Lutheran Church in America. In this capacity I

have advisory supervision of 14 liberal arts colleges and 10 theological seminaries.

From 1934 to 1947 I was general secretary of the Council of Church Boards of Education, representing 23 Protestant denominations, and also executive secretary of the National Conference of Church-Related Colleges, including both Catholic and Protestant, of which there are some 788 in the United States.

From 1942 to 1946 I was the executive secretary of the American Association of Theological Schools.

From 1920 to 1926 I was professor of philosophy at Concordia College, Moorhead, Minn., and from 1926 to 1929 president of Carthage College, Carthage, Ill.

All these positions are enumerated to indicate my acquaintance to a degree with the programs and problems of American colleges and theological seminaries.

I shall comment only on those items in H. R. 7225 on which I feel some competence to speak or to write.

I. SOME OBSERVATIONS

It is generally recognized that the social security program has become "a basic program which provides protection for America's families against loss of earned income upon the retirement or death of the family provider." If this be true, then it needs to be guarded and developed in a most careful manner.

It must be admitted that the social security system is not perfect and that many people benefit thereby who are not in need thereof. When a person who gives away 80 percent of his income, takes an old age pension from the poor American taxpayer, there is something wrong with a system which allows that.

H. R. 7225 proposes some amendments to the Social Security Act which are intended to improve it, (*a*) by providing monthly benefits at or after age 50 to workers who are totally and permanently disabled, (*b*) by lowering the retirement age for women from 65 to 62, (*c*) by continuing monthly benefits to children who become totally and permanently disabled before age 18, and (*d*) by expanding old-age and survivors insurance coverage. But in order to make such changes effective, it will be necessary to increase radically the present schedule of contributions to the OASI system. If this is not done, the whole OASI system is likely to collapse earlier than most American citizens realize.

(*a*) *Monthly disability benefits at or after age 50.*—To me as an educator, there seems to be too much emphasis in this bill upon disability and not enough upon rehabilitation. Human nature is very easily disabled. It takes determination and courage to be rehabilitated. I knew a man who thought he was disabled in the fifties, but he lived to be 90. He had stopped trying; he had no determination. He did not need disability payments; he needed a doctor who could direct him on the highway of rehabilitation.

The medical profession is the one group who would benefit by these disability payments to their patients at the age of 50. Weekly and monthly visits to the doctor would be sure to follow. And yet, according to reports on the hearings of this bill, wisely conducted by the Senate Committee on Finance, doctors and representatives of medical societies and associations are most definite and emphatic in their opposition. Why? The answer is: What the people need is not monthly payments for disability but assistance in definite programs for rehabilitation. People need, not so much freedom from want, but rather freedom for individual initiative and achievement.

(*b*) *Lowering the retirement age for women from 65 to 62.*—This is a step in the opposite direction from what the facts tell us we ought to go. Because of the increase in longevity, there is developing a trend to raise the retirement age in colleges, universities, and theological seminaries. I know of seminaries which, instead of retiring their professors at 65 or 68, allow them to continue until 72. I know of a woman college professor, just retiring at the end of this academic year, who is in her seventies. She labored more than 10 years beyond the retirement age.

It is common knowledge that early retirement leads to early death, that the active person who retires and does nothing lives not many years. In fact, some years ago I was told that the average retired farmer lives only 4 or 5 years after retirement.

The colleges and universities of America are in search of more capable teachers. In order to fill the need, many professors are being encouraged to continue teaching beyond the accepted age of retirement.

What the hundreds of thousands of women in their early sixties need is not retirement but larger opportunities to apply their talents constructively in a society rapidly becoming soft and lazy.

(*c*) *Continuing monthly benefits to children who become permanently disabled before age 18.*—The heart of any man and woman goes out to the helpless child. At the sight of such there is the desire to help, but not merely to help; rather there is a yearning that the child may be helped to a larger and fuller life.

As with the monthly disability benefits for those at or after the age of 50, so here education believes the emphasis should be on rehabilitation rather than on financial assistance. The more I study the implications and omissions of this bill the more I am convinced that more study and research should be obtained in order to suggest some constructive programs to help the disabled youth and aged rather than to pour money into their pockets.

(*d*) Expansion of OASI coverage to areas where there is need and whence may come financial support for the program meets with a hearty response among American citizens.

(*e*) *Increases in the present schedule of contributions.*—It is reliably reported that there will be in 1956 an increase to 2½ percent each on employees and employer, and that by 1975 the tax rate projected is 9 percent shared equally by employees and employer. It is also stated that the tax rate for the self-employed will become 6¾ percent at that time.

If these figures be accurate, then a large percentage of clergymen who may enter the OASI program as self-employed, could not afford to pay the tax rate. A large percentage of clergymen do not receive $4,200 salary. If such a clergyman were to enter social security, with wife and two children, and assuming he uses the standard deduction, his Federal income tax, under present rates, would be $276, and his social security tax would be $283.50. If his family were larger, the income tax would be reduced but the social security tax would remain the same. The same situation would prevail with faculty members of colleges and seminaries who would wish to enter the OASI system under a self-employed plan, and whose salaries are under $4,200.

But it is reported by Congressman Noah M. Mason that "there are no appropriate actuarial data derived from social insurance systems in this country which can serve as the basis for the calculation of long-range benefit costs." Doctors and medical asosciations affirm that the number of persons to come under the benefits of the provisions of these proposed amendments is much larger than generally indicated and that therefore the tax rates will need to be larger than is reported by those favoring this bill.

The pages of history tell the tragic story that nations and governments fall under the burden of taxation. This story should be a warning to those entrusted with the responsibility of legislation in our Government.

II. SOME SUGGESTIONS

My study of the problems involved in this bill compel me to present some suggestions:

1. That the bill, H. R. 7225, be tabled, or defeated with the possible exception of the section dealing with the extension of coverage. Pending further study of problems, the State and local communities can care for cases of disability both adults and children.

2. That provision be made for the establishment of a commission or committee which will gather adequate data and make such extended studies on the basis of which constructive legislation may be proposed, as amendments to the OASI system.

3. That the studies inquire into the ability of the State and the local communities to care for their needy.

4. That no Federal legislation be proposed which might more properly be enacted by the several State legislatures.

5. That such a study commission be directed to take into consideration, in any proposals which they may make, the significant law of effects, which recognizes (*a*) that it is not only the individual effects but also the social, (*b*) that it is not only the physical effects but also the psychological, (*c*) that it is not only the present effects but also the future, (*d*) that it is not only the direct effects but also the indirect, and (*e*) that it is not only the local effects but also the national, which must be studied.

STATEMENT OF ALBERT J. FITZGERALD, GENERAL PRESIDENT, UNITED ELECTRICAL, RADIO, AND MACHINE WORKERS OF AMERICA (UE)

This statement is presented on behalf of the 200,000 workers represented by the United Electrical, Radio, and Machine Workers of America (UE). The UE strongly supports the improvements in social-security legislation that are contained in H. R. 7225, which passed the House of Representatives on July 18, 1955, and is now being considered by the Senate Finance Committee. This support to H. R. 7225 is given because it represents major steps in the right direction toward improving our social-security system. At the same time, as this statement will indicate, it is the feeling of the UE that H. R. 7225 is inadequate to meet the full requirements for improvements in social security. It should be emphasized that the union's position on social security reflects widespread discussion and deliberation amongst our members, in UE local union meetings, UE district conferences and UE's annual national conventions.

The basic UE position on social security is simply stated:

1. Our social security system should provide all senior citizens with the opportunity to retire with a standard of living maintained at a minimum adequate level.

2. A full social-security system must provide adequate protection against the hazards of disability.

3. The social-security system should continue to be based solidly on the contributory insurance principle established in the act of 1935.

4. Adoption of a social-security system conforming to these adequate standards is imperative for the benefit of our senior citizens. In addition, increased purchasing power in the hands of retired workers is an absolute necessity for the establishment of a stable, full-employment economy.

As the UE 20th National Convention in 1955 declared, "Workers create enormous wealth for the employers during their working life, yet when they grow old they are thrown on the industrial scrap heap with little or no pension. These senior citizens have earned the right to an adequate pension."

The social security improvements of H. R. 7225 extending coverage to an additional 1,300,000 persons, reducing the eligibility age for disabled persons to 50 years, and reducing the retirement age of women to 62 years, are necessary advances in the right direction, but many more fundamental and far-reaching improvements in social security are required if we are to have a social-security system worthy of our Nation and meeting the needs of our people and our economy.

FULL SOCIAL SECURITY ESSENTIAL IN A "GOOD SOCIETY"

If we are to have a "good" society—what many like to call an American standard of living—full and adequate social security must be provided for all the people of the country against the unavoidable hazards of disability and old age. In simple humanity, if we are to be able to boast of our national achievements, both economically and socially, we must assure that our people do not suffer the incalculable pains of economic insecurity and poverty when retirement due to old age or disability has been reached. We must constantly be pressing the outer boundaries of our economic capacity to provide this security for all. If, as is the case, we have the resources to spend over $40 billion a year in the military field, and to assign many billions of dollars for aid to foreign nations, then as a Nation we surely must have the resources to avoid suffering and hardship by millions of good American citizens who have worked out their lives in our country.

This overriding obligation should be the dominant consideration of every Congressman and Senator as he approaches the complications and technicalities of social-security legislation. Whatever the difficulties of detail, and whatever decisions may be made with regard to alternative technical arrangements, the Congress must make sure that the end result is full social security for all the American people.

The major provisions of H. R. 7225 move in this direction. The expansion of the coverage of social security, which goes far toward making the law's benefits available to all citizens, is completely to be commended. The expansion of social-security benefits to dependent disabled children beyond the age of 18 is a simple step commanded by considerations of humanity and need.

The provision that disabled workers shall be eligible for full social-security benefits after the age of 50 is a long overdue step toward integration of disability protections with the old age security program. The experience of many

other countries has fully indicated that the governmental system of protection is the cheapest and the only method for protecting the people against the hazards of physical disability. The threat of such disability, as well as its actuality, is a great concern for all workers in the country. Certainly, while a general disability protection with no age limits is vitally needed, the provision that would permit 250,000 disabled workers over age 50 to qualify under the social-security system is an advance.

FULL SOCIAL SECURITY AT REDUCED RETIREMENT AGES REQUIRED FOR A STABLE, FULL EMPLOYMENT ECONOMY

One of the major proofs of increased material levels of living must be the achievement of full social security and the opportunity to retire at an earlier age. The increase in the material level of living for workers while employed, shorter hours of labor, and increased vacation and holiday benefits, must be matched by earlier retirement of workers with full economic security.

The very limited beginning toward improved retirement terms—in H. R. 7225 lowering the retirement age for women from 65 to 62—is but the beginning of a trend of social-security improvement that must by necessity grow in importance and extent.

All the developments of our economic system underline the urgency of earlier retirement. The castly increased productivity of the labor force reduces the labor force required to meet our productive needs and opens the door for earlier retirement. The vastly increased productivity of the labor force reduces the retirement, but by its very nature it creates the necessity of earlier retirement. The demands of modern industrial production made the older worker less and less desirable on the job. This is reflected by the increasing difficulty of older worker in finding stable employment and reflects a condition that can only be met by the steady and far-reaching reduction of the age of retirement.

Moreover, a major means of dealing with the problem of unemployment is to permit older workers to retire while the younger workers have job security. Such an aim not only serves the well-being of the older worker, but also protects the job security of the younger worker, and provides for all the prospect of earlier leisure in retirement.

Modern industrial experience makes clear that women suffer disadvantages in maintaining their employment because of age much earlier than men. This thoroughly justifies the principle of providing earlier retirement for women than is the case for men and justifies the priority given in H. R. 7225. However, 62 is still far too advanced an age for retirement for women if their actual status in the labor force is to be recognized. Consequently, it is the proposal of the UE that the retirement age for women should be 55 and that for men should be reduced to 60.

Not only should earlier retirement at full social-security protection be a phase of full prosperity—it is absolutely essential for the achievement of stable full-employment prosperity. The major threat to our continued stabilized prosperity lies in the fact that our productive capacity outruns the effective power of the people to purchase the output of our factories. All limitations on the achievement of higher standards of living by the people aggravate this contradiction between vast capacity and limited markets. Present drastic economic hardships of the 14 million inhabitants of our country over the age of 65 are a major source of instability and insecurity to the entire economic system. Thus, all improvements in social security that expand its coverage and increase its benefits attack the danger of depression and unemployment.

Since its original enactment in August 1935, the old-age and survivors insurance provisions have been revised four times. Yet, the new benefits provided in the 1954 Social Security Act revisions provide a primary benefit that is barely above the amount necessary to adjust for the rise in the cost of living since 1939, and is somewhat lower than that necessary to parallel the increase in wages since that date. Thus, beyond bare adjustments for the increase in the cost of living, social-security benefits in 1956 reflect none of the advances in productivity and general economic capacity achieved in the last 20 years. (Source: Economic Needs of Older People, by John J. Corson and John W. McConnell, 20th Century Fund, 1956, p. 217.)

The improvements in the benefits enacted in 1954 were in the right direction. But all evidence shows that not only is increased coverage needed, but also greatly increased benefits now are required before this source of serious weakness in our economy is eliminated.

The simple fact is that, in spite of the lifetime contributions to our society of our older citizens, the vast majority of these citizens when they reach the age of 65 are forced to live in poverty. The official Government statistics indicate that about 75 percent of all single persons over 65 who live alone, and those families whose head is 65 years or older, are forced to exist on a substandard poverty level.

This shocking fact is clear from readily available Government data. As is well known, the Bureau of Labor Statistics of the Department of Labor has defined and measured a family budget necessary for a "minimum but adequate" standard of living for a family of four. The Treasury Department has provided the data necessary to adjust this budget for families of different sizes. On the basis of these governmental studies it is apparent that in 1956, in order to maintain a "minimum but adequate" standard of living, the following incomes are necessary for different sized families: Single person requires $2,100; a family of 2 requires $3,000; a family of 3 requires $3,650, and a family of 4 requires $4,300. The budget provided by these approximations is by no means a luxury budget, yet on this basis and on the basis of the income data presented in table I below, it is clear that around three-quarters of our aged citizens 65 years or over, have incomes insufficient to reach even this minimum standard.

Unfortunately, not only do the aged groups suffer from inadequate incomes, but the fact is that the income position of the older section of our population is actually deteriorating. A careful study has been made of this point by the Division of Research and Statistics of the Social Security Administration, and its results have been published in an article by Jacob Fisher in the February 1954 issue of the Social Security Bulletin, entitled "Postwar Changes and Income Position of the Aged." From 1947 to 1952, this report shows, while the aged population grew by 17 percent, the share of personal income received by the aged increased only 7 percent. From 1947 to 1952 the income position of the aged declined as compared to the adult population in general.

These facts make two points perfectly clear: First, the inadequate income of older people in the United States is a vast source of human hardship and a grave threat to continued prosperity and full employment in the economy. Second, in spite of limited improvements in social-security legislation and the advance of private old-age pensions, the status of the older people has not kept pace with the advancing economy and drastic general improvements are required to correct this dangerous trend.

CONCLUSION

It is the opinion of the United Electrical, Radio, and Machine Workers of America (UE) that all the available facts underline the necessity for vast expansion in improvements in our social-security system. H. R. 7225 is supported because it moves in the right direction, but the serious limitations and inadequacies of even its improvements must be fully recognized. A truly adequate social-security program, as outlined by the unanimous action of the 20th annual convention of the UE in 1955 would provide the following:

1. Minimum monthly benefit of $125 with an increased schedule above the minimum, based on earnings.
2. Monthly benefit of $60 for dependents.
3. Disability benefits on the same level of $125 a month as regular benefits.
4. Retirement age of 60 for men and 55 for women.
5. Coverage for all working people.
6. Increased allowable earnings for a retired worker while receiving social-security benefits.
7. It should be mandatory by law that any increase in Federal social security should increase the worker's total pension.

TABLE I.—*Distribution of families with head 65 years or older, and unrelated individuals 65 or older, by total money income, 1954*

Total money income	Families	Unrelated individuals
Number (thousands)	5,402	3,117
Percent having income—		
Under $500	9.1	27.7
$500 to $1,000	11.8	37.7
$1,000 to $2,000	24.4	19.6
$2,000 to $3,000	15.2	7.6
$3,000 to $4,000	11.2	3.4
$4,000 to $5,000	10.0	1.3
Over $5,000	18.3	2.7
Median income	$2,294	$796

Source: Bureau of the Census, Family Income in the United States, 1951, series P–60, No. 20, table 4, p. 13

UNITED STATES SENATE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D. C., March 7, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR SENATOR: Last year I received considerable correspondence from farmers in my State in regard to the social-security regulations dealing with farm workers. They cite the difficulty of keeping records on the small amount of earned wages set, $100.

Today I received the attached letter and resolution from the Washington Nut Growers Cooperative of Vancouver, Wash., urging that the exemption be raised to $200.

In your consideration of amendments to the Social Security Act, is your committee receiving testimony on this subject? I would appreciate very much if you would let me know the thinking of your members on the proposal of the Washington Nut Growers Cooperative.

Thank you and kindest personal regards.

Sincerely,

WARREN G. MAGNUSON, *United States Senate.*

WASHINGTON NUT GROWERS COOPERATIVE,
Vancouver, Wash., March 1, 1956.

Senator WARREN G. MAGNUSON,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MAGNUSON: I have been requested by the Washington Nut Growers Cooperative Board to send the enclosed resolution with respect to their social-security problems to you for your consideration.

It occurred to me that it might be a most difficult matter to make the change requested, so a letter explaining the procedure that must be underaken to accomplish what they desire might be helpful. There is no doubt all our farmer members are having real difficulties with the Social Security Act, since they deal with such a large number of transient workers.

Sincerely yours,

L. M. JONES, *Manager.*

RESOLUTION

The following resolution was adopted by the members of the Washington Nut Growers Cooperative at their 26th annual meeting held in Vancouver, Wash., Saturday, February 25, 1956.

Whereas by nature of our industry our harvesting and shipping season is very short, and we must rely on numerous transient workers to a large degree; and

Whereas these workers make on an average of more than $100 but less than $200, causing much difficulty in keeping these many social-security bookkeeping records; and

Whereas many other seasonal farm industries find themselves facing these problems in keeping their social security records: Therefore be it

Resolved, That we petition Congress to change the Social Security Act from the present exemption of $100 to $200 on workers who are employed by one employer only.

WASHINGTON NUT GROWERS COOPERATIVE,
HUGO ENGLER,
W. L. BROUGHTON,
JOE CRAMER,
HAROLD QUICK,

Resolutions Committee.

STATEMENT OF MRS. JAMES W. KIDENEY, CHAIRMAN LEGISLATIVE PROGRAM COMMITTEE, AAUW

The American Association of University Women, with a membership of 137,000 college-trained women, organized into more than 1,300 local branches throughout the United States, Hawaii, Alaska, the District of Columbia, and Guam, has long concerned itself with promoting the economic status of women. The association maintains study programs on thes status of women, as well as various other fields. From these study programs, informed opinion is developed and then translated into resolutions pertaining to Federal legislation. At its most recent convention held in Los Angeles in 1955, the delegates reaffirmed the association's concern regarding the economic status of women by adopting unanimously the following legislative item:

"Support of measures to promote the fullest participation of women in all social, economic, and political life and to prevent discrimination in employment and property rights on the basis of sex or marital status."

In implementing this legislative item, the status of women and legislative program committees of the association concerned themselves with the proposed amendments to the Social Security Act as contained in House passed bill H. R. 7225. These committees sent fact sheets to all local branches of the association for study and comment on three of the proposed amendments: (1) Payment of disability insurance benefits to permanently and totally disabled workers at age 50; (2) continuation of benefits for permanently and totally disabled children beyond age 18; and (3) lowering to 62 the age at which women would become eligible for social security benefits.

On the basis of their own study and comments received from the branches, the status of women and legislative program committees voted to—

Support lowering of disability age to 50.
Support continuation of benefits to disabled children beyond age 18.
Oppose lowering to 62 the age of which women would become eligible for social security benefits.

We have taken this position for the following reasons:

PAYMENT OF DISABILITY INSURANCE BENEFITS TO DISABLED WORKERS AT AGE 50

Workers now fully covered under OASI who become disabled are forced to wait until they reach age 65 before becoming eligible for OASI benefits. If these workers are not covered by other insurance programs, they are forced to seek public or private assistance. In the case of public assistance they are often required to become virtually destitute before becoming eligible for benefits. We heartily endorse the statement of the House committee that "Certainly there is as great a need to protect the resources, the self-reliance, the dignity and the self-respect of disabled workers as any other group" (H. Rept. 1189).

Furthermore, if "disability insurance" means what it says, then eligibility should be based on the physical condition of the worker. We recognize that the Government does not have a comprehensive disability insurance program. But we also recognize that the Government is not without experience in this field. We mention, for example, the Federal Railroad Retirement and Disability Insurance Board's administration of disability programs for railroad workers, and the disability protection provided for Federal civilian employees, members of the Armed Forces, and veterans.

We urge this committee and the United States Senate to provide for the payment of disability insurance benefits at age 50 to those workers who are fully and currently insured and who are permanently and totally disabled.

PAYMENT OF CHILD'S INSURANCE BENEFITS FOR DISABLED CHILDREN BEYOND AGE 18

Adoption of this provision will recognize the fact that disabled children, upon reaching age 18, continue to require as much help, and perhaps even more, than was necessary earlier. The widow who has a disabled child in her care is frequently unable to seek employment. When she loses OASI benefits for the child upon the child's reaching age 18, she is often forced to rely on public assistance which frequently involves institutionalized care and the child's being separated from the mother. We believe that mothers of disabled children should continue to be eligible for mother's benefits so long as they continue to have disabled children in their care. Enactment of this provision will extend benefits to about 8,000 disabled children. We urge favorable consideration of this humane legislation.

LOWERING ELIGIBILITY AGE FOR WOMEN

The longevity of American people has increased significantly in recent years, and medical opinion supports the theory that this trend will continue. At the present time, life expectancy tables show that women outlive men by about 5 years. We can see no valid reason for a woman to retire at age 62 and a man at 65.

Not only do we deny the validity of establishing age 62 as the retirement age for women, but we can see the positive harm inherent in adopting any provision which would establish the dangerous precedent of arbitrarily forcing women to retire at that age. We recognize that the retirement feature is not compulsory under the proposal, but we point out that experience shows that private industrial pension plans are generally geared to the social security system. It cannot be denied that if the social security age for women is lowered to age 62, the private pension plans will adopt the same provision.

In view of the fact that the proportion of American people over age 65 is steadily increasing, we believe it is essential to create a favorable climate for the employment of older workers—men and women. Certainly, this cannot be done by denying opportunity to older workers by adopting a law which will have the effect of prematurely forcing older workers out of employment.

We strongly urge this committee and the United States Senate to oppose any attempt to lower the social-security retirement age for women from age 65 to 62.

AMERICAN MEDICAL ASSOCIATION,
Chicago 10, Ill., March 7, 1956.

Re my Testimony of February 23, 1956, on H. R. 7225.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington 25, D. C.

DEAR SENATOR BYRD: Representing the American Medical Association, I was testifying on H. R. 7225 on February 23, 1956, when several members of the committee raised some questions about the implications of lower mortality and longer life upon certain aspects of H. R. 7225. No one was able to recall the specific facts. I promised to file an additional statement to be included in the record. The statement follows:

1. Age distribution of the labor force

The age distribution of the civilian labor force 16 years and over shows the effect of aging. In 1900 only 25.7 percent were over 44 years of age. By 1950 this older group of workers comprised 35.3 percent of the labor force; in 1953, 37.3 percent. By 1975 the proportion of older workers may equal 39 percent.

2. Declines in mortality

The sharpest reductions in mortality have occurred among the young. Among the old, mortality reductions are, of course, limited. With the concentration of medical research on the older causes of death in recent years and in the near future, substantial reductions in the mortality rate from heart disease and cancer do not seem impossible. In the 3 age groups, 45–54, 55–64, and 65–74, the numbers dying per thousand were, respectively, in 1900, 15.0, 27.2, and 56.4 as compared with 7.7, 17.5, and 39.2 in 1954. The decline of more than 30 percent since 1900 in the mortality rate for the age group 65–74 indicates that the gain is quite remarkable even at these high ages. In the age group

45–54 the rate has been cut in half, and in the age group 55–64 the rate has been cut by almost 40 percent. The declines in mortality rates for females are much more marked than for males. In the age group 65–74 the mortality rate declined from 59.3 to 48.3 for males and from 53.6 to 30.8 for females. A much sharper decline in the mortality rates for females also occurred in the 2 other age groups; in the age group 45–54 the rate declined from 15.7 to 9.7 for males and from 14.2 to 5.8 for females; in the age group 55–64 the rate declined from 28.7 to 22.7 for males and from 25.8 to 12.5 for females.

3. Expectation of life

At a specific age, expectation of life—or average remaining lifetime—is a pure statistic in the sense that it is not affected by the age distribution of the population in the year for which the computation is made. An illustration may be helpful. A thousand babies selected at random among those born in 1900 were scheduled to live a total of 47,300 years or 47.3 years on the average, provided they live out their lives under the mortality conditions prevailing in 1900. (Since the mortality rates have declined so much since 1900, their average age at death will probably be at least 10 years greater than 47.3.) Expectation of life at birth today is at least 69 years.

I realize that the committee is dealing with problems which concern older people. The average remaining lifetime of a person, age 50, has risen from about 20.8 years in 1900 to at least 24.7 years now. This means that a thousand persons, aged 50 now (1953), should live a total of at least 24,700 years or an average of 24.7, provided mortality rates during the balance of their lives remain exactly as they were in 1953. At age 60, average future lifetime has increased from about 14.3 years to at least 17.3 years; and at age 65 from about 11.5 years to at least 14 years. We neither possess nor use crystal balls, but some increase in average remaining lifetime for persons at each of these ages seems reasonable during the next decade or two. Again, the sex differential is noteworthy. For white males at age 50 average future lifetime has increased from about 20.8 years to at least 23 years, and for white females the increase has been from about 21.9 to at least 27.3 years. For the nonwhite male at age 50, the average future lifetime has increased from about 17.3 to 20.4 years, and for the nonwhite female the increase has been sharper, from about 18.7 to at least 23.4. (Without diverting attention from the main theme, it should be noted that the gains between 1950 and 1953 are considerable for such a short interval of time.) The probability of a person, age 50, being alive at age 65 has increased sharply since 1900: for white males this probability has increased from 68 percent to 74 percent, and for white females from 72 percent to 85 percent. The rises in these percentages during the next decade or two should be considerable. This prospect is an important factor in estimating the future costs of the disability program set forth in H. R. 7225.

Turning now to age 60, the average remaining lifetime has increased for white males from about 14.3 years in 1900 to at least 15.8 years; and for white females the increase has been from about 15.2 years to at least 19 years. White males and white females comprise about nine-tenths of our total population. To the extent that greater life expectancy can be used as a measure, females are healthier at age 60 than are males; they were in 1900 although the difference was less marked. At age 65, the average remaining lifetime for white males has increased from about 11.5 years in 1900 to at least 12.9 years now; for white females, the increase has been from about 12.2 years to at least 15.3 years.

4. Mortality rates for a fixed population

As you may know, the number of deaths per 1,000 in the population at all ages has declined from 17.2 in 1900 to 9.2 in 1954. This great decline, however, understates the improvement because the population has aged during the past half century. When the age-specific mortality rates for 1900 and 1954 are both applied to the age distribution prevailing in one chosen year, for instance 1940, the decline is much sharper, from 17.8 to 7.7 deaths per 1,000 population.

5. The aging of the population

As noted, expectation of life (or average remaining lifetime) is a pure statistic. The percentage of the total population, however, in a given age group—for instance, age 65 and over—is a joint product of the past age-specific mortality rates, past changes in the birthrate and the number of births, and net changes due to immigration and emigration in previous years. In other words, medical and health progress alone is not the only factor responsible for the aging of the population.

Briefly stated, the population of the United States is now more than twice what it was in 1900, but the population age 65 and over is about 4½ times as great. The population age 50 and over is now 3½ times as great as it was in 1900.

The committee is more concerned with the age group 50–64. In this group, the population increased from about 7 million in 1900 to about 23.3 million in 1954; that is, it is about 3.3 times as great as in 1900. Twenty years from now, the population aged 50–64 should be almost 32 million.

6. Application to H. R. 7225

Several overall observations bearing on H. R. 7225 should be made. First, the electorate has aged; as a percentage of the population 21 years and over, persons 50 and over increased from 25 percent in 1900 to 36 percent now, and may climb to 40 percent in the next 15 years after which it should begin to decline because a large number of post-World War II babies will be old enough to vote. Second, the data presented for the entire population, especially those on mortality, may reflect the trend to longer life for the so-called disabled or impaired persons, if it is possible to define and circumscribe the disabled and impaired group. Medical progress has been charged with keeping many persons alive in an impaired condition who would have died in an earlier era. We hasten to answer this morbid inference that the virility of the human strain is declining by pointing out that the medical progress which has kept these impaired persons still living is the same force that has made the healthy healthier as evidenced by the tremendous reductions in mortality among the entire group at a given age. Moreover, impairments due to infectious and communicable diseases during youth are on the wane. Third, no useful data exist on the number of impaired lives in any age group; it does not seem unreasonable, however, to suppose that these broad medical improvements have been general, that is, not restricted to the well persons at each age. One set of definitions of impaired lives would produce one trend; a second set of definitions might indicate another trend; a third, another trend, ad infinitum. Who can define "disability" in a satisfactory manner? Fourth, the population and the labor force in the age group 50–64 continues to increase. Fifth, on balance, these data indicate quite clearly that our people are not only dying later but are enjoying more and better years before they die.

Sincerely yours,

DAVID B. ALLMAN, M. D.,
Chairman, Legislative Committee.

THE STATE OF WISCONSIN PUBLIC EMPLOYES SOCIAL SECURITY FUND,
Madison 3, Wis., March 7, 1956.

Senator HARRY FLOOD BYRD,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: On February 21, 1956, a statement was presented to the Senate Finance Committee on H. R. 7225 purporting to represent the views of the Conference of State Social Administrators. As a member of that organization, I am herewith repudiating that statement.

It was only accidentally that I learned that any statement had been submitted since copies of the statement have not been distributed to he members.

My commens do not apply to the last half of that statement since this portion does accurately represent the action taken by the conference on November 8, 1955. This portion is proper since it suggests changes in the law dealing with procedural matters that are the concern of State social security administrators.

However, the first half of this statement appears to me to indicate opposiion to the basic provisions of H. R. 7225. That bill passed the House of Representatives in July 1955. Four months later the regular annual meeting of the Conference of State Social Security Administrators was held in Baltimore. During that intervening 4 months full nationwide publicity was given to the basic provisions of H. R. 7225. If the members of the Conference of State Social Security Administrators desired to take a position on these basic provisions in H. R. 7225, such could have been done at the Baltimore meeting. This matter was not even discussed.

Since the persons who are members of this conference are eligible solely because of their duties in supervising the clerical details of recapitulating and transmitting quarterly OASI reports from public employers, and in preparing agreements to meet the Federal requirements on coverage, it seems to me that positions with respect to the substantive provisions of the OASI system should more properly

be taken by organizations representing policy-determining officials such as the Council of State Governments and the Governors Conference.

Very truly yours,

FREDERICK N. MACMILLIN, *Director.*

(See statement of Charles H. Smith, on behalf of the legislative committee on the Conference of State Social Security Administrators, hearings, pt. 2, p. 635.)

MILWAUKEE, WIS.

Senator HARRY F. BYRD,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I decided to use the same sheet of paper on which Dr. Hess wrote to me from Chicago. He asked me to give my personal views on the subject of social security. I will.

I think that basically the idea of social security is wrong. However, since we are stuck with it and cannot change it to something much better, which would have been State-sponsored or privately sponsored insurance, rather than Federal, let's make the most of it. The American Medical Association, which I call my union, has been against participation by doctors in the social-security program. I can't influence the house of delegates of the AMA. Most of those men are older and nearly set financially. I agree with the AMA that the premise of social security is wrong; but I disagree in that I want to partiicpate as a physician. Why should I be a member of practically the only group which is excluded? That's fighting for a principle when the ship is almost under. To conclude, I think that we all agree that to compromise is at times essential, when our exact viewpoint cannot be attained.

In the event that the majority of my colleagues are in disagreement with me, then at least I think that there should be provision whereby those not covered under social security may utilize a type of deductive program for retirement when self-employed that would not be taxable to a percentage of annual net income.

Dr. Hess requested that these few views be included in the record of the hearings. Thank you.

Yours very sincerely,

KENNETH A. BITTLE, M. D.

(The letter from Dr. Hess referred to above follows:)

AMERICAN MEDICAL ASSOCIATION,
Chicago 10, Ill., January 23, 1956.

KENNETH BITTLE, M. D.,
4103 West Fond du Lac Avenue,
Milwaukee 16, Wis.

DEAR DR. BITTLE: I greatly appreciate your interest in sending me your comments on the proposed social-security amendments, and your cooperation in contacting your Senators on this issue.

In view of your obvious concern, I am again appealing to you for help. Hearings on H. R. 7225 are scheduled by the Senate Finance Committee to begin the last of January. It is imperative that we register with the committee the individual opinions oi the physicians throughout the United States.

Will you consider preparing a short statement of your reaction to H. R. 7225 and send it to Senator Harry F. Byrd, chairman, Senate Finance Committee, Senate Office Building, Washington, D. C., with the request that it be included in the record of the hearings. Carbon copies of your statement should be sent to your two Senators.

Cordially,

ELMER HESS, M. D.

JANUARY 23, 1956.

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
Senate Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that there will be a hearing before the Senate Finance Committee in the near future in regard to certain social-security questions. One of these, as I understand it, is in regard to the inclusion of physicians in the social-security program.

I know that those in control of the American Medical Association are opposed to this program. I also know that there are many practicing physicians like myself who are entirely in favor of it.

Some years ago when I was president of the Massachusetts Medical Society, I became convinced that those in control of the policies of organized medicine do not express the opinion of a large number of practicing physicians and in fact, it is possible that they do not express the opinion of the majority. This conviction of mine was recently supported by a postal vote in the Massachusetts Medical Society on the subject of physicians participating in social security. Although the Council of the Massachusetts Medical Society had voted disapprovaal of inclusion of physicians in the social-security program, the postal vote indicated that there was an overwhelming majority of the doctors of Massachusetts in favor of being included.

I am calling your attention to this in order that your committee may realize that in spite of what the representatives of the American Medical Association may say, there are a tremendous number of physicians who would like to be included in the social-security program. Incidentally, in my experience, I find that it is the younger physicians who are most enthusiastic in regard to being included in the social-security program and these younger men for some reason have very little influence in the managing councils of organized medicine.

Sincerely yours,

CHANNING FROTHINGHAM, M. D.

THE TUCSON CLINIC,
Tucson, Ariz., January 19, 1956.

Senator HARRY F. BYRD,
Senate Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: My purpose in writing this letter is to sincerely urge you to do all in your power to reject H. R. 7225 in its present or any amended form. At the very least hold this bill in committee pending a complete appraisal of the social and economic effects of the entire social-security program. My reasons for asking this are perhaps well known to you, but I believe worth repetition.

1. This bill was rammed through the House of Representatives, under gag rule, without hearings, amendments were barred and debate limited. It is simply another statutory vehicle being used to nationalize medicine piecemeal under the Social Security Act and its amendments. This bill would add more than $600 million to pension costs in the first year and eventually would raise them by more than $2 billion per year. This on top of an already accrued liability of $300 billion, a funded liability of $21 billion and an unfunded liability of $29 billion.

2. The Government has, since the enactment of the Social Security Act, been careening along at a furious pace of expansion (regardless of the party in power), increasing costs, increasing taxes, broadened coverages and larger benefits without apparent thought of the future. It has become politically expedient to vote for anything in the way of welfare benefits regardless of eventual cost to the taxpayer. Both parties seem to be trying to outwelfarize each other.

3. A complete, broad impartial study of the entire Social Security Act is long past due. In no sense of the word is it insurance as the public has been led to believe; there is no contract of any kind as attested to by the Attorney General in 1937; social-security taxes are compulsory but Congress is not under any compulsion to pay benefits. The entire system is actuarially unsound, at present the total liability of the system exceeds the national debt, a fact no one seems to take into consideration, either in calculating the national debt or discussing the balanced budget. During the past year alone the public has paid $145 million in interest alone on OASI trust fund IOU's. It is very apparent that the American taxpayer is thereby hit twice to keep the insecure social-security program in operation. Government actuaries themselves estimate that this same interest will in the next 4 years alone amount to some $8 billion. Who if he were informed that this social-security taxes would exceed his present overburdening Federal income taxes within a few years would desire inclusion in the social-security program?

4. The Social Security Act as originally adopted and its various amendments that have been foisted on the American public must be a great victory for the Communistic International Labor Organization, for it was within the breeding

ground of this organization that social security was born and bred. In fact two ILO "experts" were sent to the United States to show us how to set up our social-security system! Even a cursory scanning of the Minimum Standards of Social Security as set up by the ILO Convention in 1952 convinces one that our present system is destined, if we don't awaken to the danger and call a halt, to more and more changes to gradually encompass complete socialization and the welfare state. H. R. 7225 is another wedge toward socialized medicine and socialized insurance and the provisions of this bill are lifted out of the ILO Convention on Minimum Standards of Social Security. It is apparent that the socialistic planners so entrenched in the administration of social security have been singularly effective in their effort to hurry H. R. 7225 through both the House and Senate. Someone should make careful inquiry into the succession of left wingers and socialistic inclined individuals who pull the strings in social security and who advise the administration on such matters. The promotion of a known Communist fronter and collaborator, first as adviser to the Commissioner of Social Security in 1934 and his succession to the Directorship of Research and Statistics in 1954, would make a starting point. At least those involved should be certain of the background of the next successor.

To return to ILO—Congress will be asked this session to raise the ceiling for the United States contribution to this organization to double that in the past. We already have been paying 25 percent of the costs of this predominantly Communist dominated organization. Members of Congress should insist that we follow the recommendations of our United States employer delegate and member of the ILO governing body that we get out of ILO and cease to contribute to it. Members of Congress should also back Senator Bricker's amendment and work for its passage so that such organizations cannot write laws governing internal domestic affairs and impose them upon the American public by the device of treaty ratification.

I apologize for taking up so much of your valuable time on the above presentation. The whole problem of social security has so many ramifications and implications that it is difficult to condense them. There are many more aspects of the problem I haven't even mentioned. Further extension of social security in any form is a political game played at the expense of the American taxpayer, it will wreck our economy in the long run. We also are falling into the pattern predicted by Lenin when he forecast that "America will fall into our hands like overripe fruit" by the continued program of creeping socialism and Government subsidy and control.

Sincerely yours,

L. D. SPRAGUE.

BROOKLYN, N. Y., *January 24, 1956.*

Senator HARRY FLOOD BYRD,
Chairman, Finance Committee United States Senate,
Washington, D. C.:

Attention is directed to the following self-explanatory resolution as it pertains to the attitude of the Dental Society of the State of New York relative to the inclusion of dentists in the old-age and survivors insurance bills. May we urge that you act favorably on this resolution OASI:

Whereas the present Federal administration recommends the extension of the old age and survivors insurance provisions to include more self-employed individuals; and

Whereas a poll of the 10,812 members of the Dental Society of the State of New York resulted in 6,173 favoring the inclusion and only 878 supporting the present policy; and

Whereas a majority of dentists in every district in the State of New York was in varying degrees in favor of the inclusion of dentists under the Federal OASI program; and

Whereas the house of delegates of the American Dental Association in San Francisco, Calif. assembled on October 19, 1955, rescinded its previous policy of disapproving the inclusion of dentists under the above provisions; Therefore be it

Resolved, That the Senate of the United States be urged to vote favorably on bill H. R. 7225 providing for the inclusion of dentists under the old-age and survivors provisions of the Federal Social Security Act; and be it further

Resolved, That a copy of these resolutions be transmitted to the United States Senate Committee on Finance and each Member of the United States Senate.

CHARLES A. WILKIE, D. D. S.,
Secretary the Dental Society of the State of New York.

LOS ANGELES, CALIF., *January 27, 1956.*

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee, Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I am writing you regarding the proposed bill H. R. 7225 which is scheduled the later part of this month.

As a private physician I wish to go on record as being strongly opposed to this proposed bill, since I feel that it is unfair to the private practice of medicine as enjoyed in these United States. I am sure that you will agree that our high caliber of medical practice in this country is primarily due to the privilege of the individual physicians being able to administer to his private patients without State or Government intervention.

I fear that the passage of this bill would greatly endanger the present physician-patient status which has been so important in advancing the excellent overall health of the American public.

I request that this letter be included in the records of the hearings.

Sincerely yours,

WILLIAM G. CALDWELL, M. D.

LOS ANGELES, CALIF., *January 26, 1956.*

HON. HARRY F. BYRD,
Chairman, Finance Committee, Senate Office Building,
Washington, D. C.

MY DEAR SENATOR BYRD: This is in regard to H. R. 7225 amending the Social Security Act.

As a physician, I should like respectfully to call to your attention the very real difficulty in determining "total and permanent disabiilty." A Federal act attaching much financial benefit to such a clause can be subject to grave abuse. I shall appreciate your effort in seeing that the far-reaching effect of such legislation shall have most thorough consideration before any action is taken. I shall be glad if my statement of my concern can be included in the record of the hearings.

With sincere appreciation for your service to the Nation, I am

Sincerely yours,

JOHN E. PETERSON, M. D.

MATTOON, ILL., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I wish to refer to the bill, H. R. 7225, which will come before the Senate the latter part of January 1956. I am opposed to this bill because it would graft a cash disability benefit system onto social security, being a statutory right, to be paid regardless of the recipient's financial status. It would involve certification of private physicians supervised by State agencies. This I am definitely against because it would bring doctors under constant pressure from patients and administrators seeking disability certifications.

I feel that there has been undue haste concerning this bill. In June 1955 it was considered by the House Ways and Means Committee with no public hearings allowed. It was adopted in the House and now awaits consideration by the Senate. The AMA is definitely against this bill. I feel that less haste and more consideration of any bill effecting social security is indicated. I therefore request that this letter be included in the record of the hearings.

I feel that this bill would have unpredictable effect on the social-security system and therefore warrants more study before any action is taken. I also feel

that cash handouts would retard rehabilitation, which I believe is the one thing needed to put people back on the road to independent thinking and living.

Very respectfully yours,

GUY E. SEYMOUR, M. D.

GALESBURG, ILL., *January 27, 1956.*

Senator HARRY F. BYRD,
Senate Building, Washington, D. C.

MY DEAR SENATOR: As chairman of the Senate Finance Commmittee, H. R. 7225 will soon be up for your consideration.

As a physician with many years of experience, may I ask you and your committee to give careful consideration to some of the undesirable features it contains, which, if enacted, will place the doctors of this country between "the devil and the deep sea," or worse. We'll be caught in the crossfire between the employee (our patient), the Government inspector, and employer—all firing at us from all sides.

Why put doctors on the spot to be harassed and humiliated day after day by inspectors, agents, and the claimants for total permanent disability when that term has not been definitely decided by either the courts or the medical profession?

We are not politicians and our coronaries will not tolerate the stress.

May I request that this, my humble opinion, be included in the records of the hearing?

With warmest personal greetings, I am,

Yours very truly,

BEN D. BAIRD.

BOSTON, MASS., *January 28, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: Severe personal sickness forbids proper formal address.

In Senate Finance Committee hearings on H. R. 7225, please insert in record my opposition to (1) compulsory inclusion of physicians under old age and survivors insurance, (2) including cash benefits for permanent and total disability with old age and survivors insurance, (3) extension of the doctors' draft law.

Thanking you,

Sincerely,

SARAH PARKER WHITE, M. D.

WATERBURY 4, CONN., *January 25, 1956.*

DEAR SENATOR BYRD: This is written in opposition to H. R. 7225. I feel that the provision for disability certification is impracticable. In the first place, this is an exceedingly difficult thing to ascertain in many cases and undue pressure will be brought to bear on the family physician.

In my opinion the veterans disability pension program has not worked out well and there have been many flagrant abuses. The passage of this bill would place a greater economic burden on the already overloaded taxpayer.

Sincerely.

WM. J. BEARD.

P. S.—Please include this in the record of the hearings.

HOUSTON 2, TEX., *January 25, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I would appreciate it very much if you would include the following in the record of your committee's hearings on H. R. 7225.

I feel that the overwhelming vote for passage of this bill may have been due to the feeling of the political necessity of "giving" the voters something in election year, together with the thought that it would not pass the Senate anyhow.

Since I cannot be sure of that, I want to state a few of the reasons why very careful consideration of the nature and effects of such a bill should be undertaken.

We know that the Volstead Act had a corrosive effect on the morals of the entire Nation. The medical certification requirements of the bill in question (H. R. 7225) would, I believe have far-reaching corrosive effects on the morals, integrity, and self-reliance of both the medical profession and the public. They would also have a deleterious effect on the interrelations of these two groups (the lay public and the medical profession).

The "acceptance of rehabilitation" requirements of the bill regarding the so-called totally disabled would necessitate a trend toward socialized medicine—which the Congress has once rejected, on advice from the doctors of the Nation. We doctors should again be listened to, in regard to the medical implications of this bill.

Sincerely yours,

LYMAN C. BLAIR, M. D.

THE PEDDIE SCHOOL,
HIGHTSTOWN, N. J., *January 25, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: In regard to H. R. 7225 I request that my opposition to this bill be included in the record of the hearings.

I feel that the passage of this bill will be another step toward the destruction of free enterprise and individual freedom in this country.

Yours truly,

A. EDWARD BLACKMAR, M. D.

CRANSTON 10, R. I., *January 25, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I am writing concerning the bill H. R. 7225 which is coming up for consideration and hearing by the Senate Finance Committee. This bill has been discussed by my fellow physicians and by my patients at great length. There have been no favorable comments.

Any amendment to the present social security law should have long and careful study. There is no rush—no emergency to pass this legislation.

The Federal Government does not have an unlimited supply of money. As you know the Federal debt is almost $300 billion. To finance this new form of government dole, new taxes will be needed. The American people cannot and will not stand for more taxation.

Rehabilitation of the sick and injured is now a very difficult task. The bill H. R. 7225 will help to destroy self-sufficiency and diminish incentive toward rehabilitation.

Last, but not least, this proposed legislation is another step toward Federal control of medicine, which no American that I have ever talked with, wants in any form.

This letter is my personal opinion, supported by the unanimous agreement with the opinions of my patients.

I earnestly request that this letter be included in the record of the hearings.

Sinicerely yours,

DONALD L. DE NYSE, M. D.

NEWTOWN, OHIO, *January 25, 1956.*

Senator HARRY F. BYRD,
Washington, D. C.

DEAR SENATOR BYRD: I am unalterably opposed to the passage of H. R. 7225.

I have so written our two fine Senators from Ohio.

No other physician is personally known by me who is in favor of this bill.

If possible please include my protest in the record of the imminent hearings.

With deep appreciation for the service you have so well and for so long rendered the rest of us.

Respectfully yours,

MYRTA M. ADAMS.

PRINCETON, W. VA., *January 25, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SIR: Hearings on H. R. 7225 are scheduled by the Senate Finance Committee to begin the last of this month. Knowing that you are interested in the views of the taxpayers and citizens upon all pending legislature, I am taking this opportunity to express mine on this bill.

First, let me say that I feel one of the most pressing problems that has ever confronted our Nation is swooping down upon us. This problem is care of our ever-increasing aged population—financial, physical, mental, and spiritual care. Social security, the Government's basic "care plan" is undoubtedly in need of modification; however, I feel that H. R. 7225 is ill advised at this time because:

1. This bill places no weight on the needs of a person, but makes payment automatic.
2. This bill requires a person to accept medical treatment, (i. e. Vocational Rehabilitation).
3. Determination of disability (what really is total and permanent disability?), would place a great burden on the medical profession and open the door for resentment, collusion, and perhaps antagonism between patient and doctor.
4. Why 50 years of age? Why shouldn't every permanently and totally disabled person who has ever been covered by social security be eligible for a cash disability benefit? Does a person 50 years old need it worse than a person 49 years of age and so on? These questions will undoubtedly arise—how would you answer them?
5. "Give Away" bills that come out of committees in election years oft times do not receive the careful attention and debate to which they are entitled. However, once passed, there is rarely a path back.
6. In general—is the social security plan paying its own way now and for the predictable future? How much of an increased burden would H. R. 7225 place on the plan and in what ways would this money be obtained?

I hope that this letter does not place too great a burden upon your endurance, I thank you for your indulgence and request that this be included in the record of the hearing.

Very truly yours,

E. B. SPANGLER, M. D.

TACOMA 2, WASH., *January 25, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Office Building,
Washington, D. C.

DEAR SIR: With reference to H. R. 7225, request consideration that this legislation as it affects disability benefits to be delayed for further study and investigation because:

The incidence of medically determinable physical or mental impairment of indefinite (future) duration is relatively great after age 50. Inability to engage in any substantial gainful activity cannot readily be determined objectively; the views of the impaired individual must be given weight.

The legislation as written seems broad and could possibly result in a great and unanticipated load on the social security system and taxpayer.

Yours truly,

LELAND J. BLAND, M. D.

N. B.—Request this letter be included in record of hearings.

L. B.

BALTIMORE 22, MD., *January 26, 1956.*

Hon. HARRY F. BYRD,
Chairman, Committee of Finance,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I have already expressed my feelings to you concerning bill H. R. 7225, but again I want to solicit your opposition to this bill and request this letter be included in the record of the hearings.

It is my opinion that this bill is not needed. The majority of Americans are still looking out for their own security. They seek the assistance of their own insurance companies, may rely on the assistance of their friends and relatives when in need and have available their own local government agencies to give help when there is permanent and total disability.

The bill proposes to pay cash benefits to anyone certified regardless of financial status, a preposterous and unreasonable recommendation.

This bill is another attempt to federalize medicine. The American physician has no decire to be legislated into the duty of determination of disability and certification for cash benefits, be regulated by the Federal Government, or be subjected to pressures from many people other than the disabled to get a handout from the Government. The bill represnts only one further step toward Government medicine. If this bill is passed pressure groups will seek to expand and liberalize until socialized medicine is an accomplished fact.

Certification, cash benefits, and vocational rehabilitation will promote permanent and total disabilities. More institutions will be needed to care for these people and more Federal doctors will be needed to man these institutions.

The cost of such a program would be staggering; maybe not at first but finally after the program has snow-balled and expanded.

The bill needs careful and diligent study and with the benefit of intelligent consideration it no doubt will be defeated.

As a native Virginian I am counting on your long record of voting the correct way and trust that your sterling influence will be felt throughout your committee and the Senate.

Respectfully yours,

WALTER L. KILBY, M. D.

KELLOGG, IDAHO, *January 27, 1956.*

Senator BYRD,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: We would like to ask you that the following be a part of the record of the hearings on H. R. 7225. We are very much opposed to H. R. 7225. It means more government in medicine, more expense to the Government, and more taxes for the people. This would be an avenue of abuse to the practice of medicine via the chronic disease and the dependent type of person. We can well imagine what pressure this type of legislation can bring about in the doctor's office. Almost every person in this age group has some ailment which can be magnified very easily if such statutes exist.

In our heavily insured, largely industrial practice, we can vouch for the tendency toward longer disability with increased disability benefits.

In our opinion the increasing volume of social legislation being asked, more and more tends to stifle ambition and free enterprise, the two main ingredients that have led to the development of the United States of America from a wilderness and colonial empire to its present powerful and free status.

Sincerely yours,

C. I. GIBBON, M. D.
ROBERT E. STALEY, M. D.
ROBERT W. CORDWELL, M. D.
O. B. SCOTT, M. D.
GLEN M. WHITESEL, M. D.

HOT SPRINGS NATIONAL PARK, ARK., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: It is with deep concern that we await the results of action on H. R. 7225, the social security amendments of 1955, which we understand is to come before your committee soon.

This bill, as pertains to the medical profession, is obviously socialized medicine; limited true, but a big jump toward complete medical socialization.

The trend to socialization, not only in medicaine, but in all fields of business is frightening to anyone who stops to note and consider it.

We stand with the AMA against this bill and what it represents.
Will you please include this letter in the record of the hearings?
Cordially,

J. C. McMAHAN, M. D.
O. P. GARNER, M. D.
L. E. REED, M. D.
C. W. PARKERSON, M. D..

McKEESPORT, PA., *January 25, 1956.*

HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR MR. BYRD: Very shortly you will be asked to consider H. R. 7225 which would amend the social security amendment converting it into a medical-care program. In my estimation, this would be a direct step into Government medicine bringing with it all the evils that are inherent in a socialized program. I do not need to tell you that our present social-security program is not self-supporting and should this extra burden be placed in this system, it may eventually reach that point that our national economy might be threatened.

In the past, your record indicated that you have followed many inroads such as this threatens and we hope that you will check all angles carefully before permitting this bill to be enacted into legislation.

Please include this request in records of the hearing.

Sincerely yours,

E. A. RITTENHOUSE, M. D.

ATLANTA, GA., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I am writing you relative to bill H. R. 7225, which was rushed through the House and will be considered by the Senate at an early date.

The medical profession feels that the passage of this bill would carry with it dangerous implications for physicians and would eventually make tax burdens so heavy that our national economy might be threatened.

Trust that you can see your way clear to urge all members of the Senate Finance Committee to delay any definite action on this bill until a long-time research study can be made of the effect of the social-security amendments on the American economy.

I would like to request that it be included in the records of the hearings that I am bitterly opposed to bill H. R. 7225 in its present form.

Thanking you for your kind consideration of this matter, I am,

Respectfully yours,

SPENCER A. KIRKLAND, M. D.

NEWTON, KANS., *January 25, 1956.*

In re H. R. 7225.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SENATOR BYRD: I am greatly interested in the above-proposed social-security amendments, which I understand will come up for discussion soon. It has not had sufficient study and could scarcely be considered emergency matter. The medical features of this bill present the certainty of tremendously unfair pressures on physicians, with the probability of very heavy tax burdens, which might in the future threaten our national economy.

I do not think it is acceptible nor safe as at present written, and there should be prolonged study and discussion, before thinking of giving it a favorable report. I would appreciate having this letter included in the report of the hearings. Thanking you, I am,

Sincerely yours,

H. M. GLOVER, M. D.

FORT WAYNE, IND., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: As the hearings on H. R. 7225 approach completion, I find that my deep and sincere concern has reached a new level, and I believe, personally, that we are making a grave error in the proposed social-security amendments.

As one member of the medical profession, active in private practice, I would like to simply just make these statements.

1. If a man wants his mother to take care of him, he believes in maternalism.
2. And if he wishes still for his father to take care of him, he believes and acts in paternalism.
3. If he wishes his comrades to take care of him, that is communism.
4. But if he wishes to take care of himself, that is true Americanism.

May I request that this be included in the records of your hearings.

Respectfully and cordially yours,

H. VAUGHN SCOTT, M. D.

GROVE CITY, PA., *January 26, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I would like to register my dissatisfaction with bill H. R. 7225 for the following reasons:

1. I am opposed to any account of legislation which even intimates that it will be compulsory.
2. I am opposed to any legislation which directly or indirectly will drive the wedge in further than its present thin edge.
3. I deplore the increasing trend toward government subsidy of individuals being paid for by those who work hardest, and paid to those who work least.
4. As a private citizen regardless of profession, I oppose legislation which basically is a fringe benefit for labor disguised by other terminology.

I request that this letter be included in the record of hearings.

Sincerely,

CHARLES G. JONES, M. D.

BEAVER CITY, NEBR., *January 25, 1965.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: Regarding H. R. 7225 hearings, it is requested that the following comments be considered and be included in the record of the hearings:

The components of this bill to change the age of eligibility for social-security benefits to sick and disabled recipients from the present age to 50, is unsound thinking both economically and psychologically. What this amendment really would do is change the retirement age from 65 to 50 by means of encouraging people to be sick and lame and focus their minds on secondary economic gain through illness. After a person pays in so much of his money into an insurance system such as social security, he begins looking for a way to get it back. Sound health means 15 more years of penalizing payments for sound health. But illness, and disability (which is virtually impossible to define) means a monetary gain two ways. This temptation to be sick, and to enlarge on and magnify minor illness into completely disabling states of mind is the reason this amendment to H. R. 7225 is unsound and should not be made a part of the law.

Under any socialized medical care system the physician reaps hostility from patients who want benefits from imaginary illness when he denies these benefits, and censure from politicians if he authorizes benefits for imaginary illness. We physicians want to be friends to both patient and Government administrators, and don't want to be legislated into being judges of our fellowmen.

Yours sincerely,

DONALD C. CARTER, M. D.

MOUNT AIRY, N. C., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I sincerely hope that you and your committee will give careful study to H. R. 7225.

In my opinion, this bill would have a far-reaching effect on the general practice of medicine. It would throw the responsibility of determining who was disabled for some mental or physical reasons on the physician and this in turn would be supervised by some political State agency.

A good rehabilitation program is in effect now. Cash handouts would hinder rather than promote rehabilitation because successful rehabilitation would mean a loss of cash benefits.

Hoping that your committee will reconsider this bill, I am

Sincerely,

RALPH J. SYKES.

P. S.—I would appreciate it if you would make this letter a part of your file on this bill.

ELMIRA, N. Y., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I have never written or spoken to any elected official at any Government level prior to this letter. Why? Because for the past 15 years I have been earnestly engaged in being educated and trained as a physician and a specialist in surgery.

Perhaps this is not a very good reason for I certainly now believe that all adult Americans should find time for their family, their religion, and their Government.

I have recently opened my office for the practice of surgery and now find that my interest in the politics of medicine has greatly increased.

I am particularly interested in H. R. 7225. I do not believe it is advisable to provide monthly payments to totally disabled persons over 50 regardless of their financial status.

Why should the Government support those who are able to support themselves?

Who is going to define total disability?

Who is going to determine total disability in any given patient?

Who is going to pay for the thousands of medical examinations that will be necessary every month?

How often will the examinations be repeated?

Who is going to render care to these totally disabled?

The obvious answers to these questions indicate to me a rather devious inroad to socialized medicine for those over 50.

If this law is passed, it would not take long to add amendments and reduce the age limit until total socialized medicine had a firm footing.

Why must the Government continue to pay for this and that? Is there no end to our ability to support everything and everybody?

This continued giveaway program will only destroy the initiative that is still left.

I have worked hard to attain my present position and I appreciate the value of the money I earn today.

If you continue to give away who is going to be left to support the Government?

And that is one question any Communist could answer, I'm sure. They need only wait for our economic collapse.

Let's keep our feet on the ground and teach our children the value of working and thinking for themselves.

I request that this letter be included in the record of the hearings on H. R. 7225.

Sincerely,

ROBERT H. HUDDLE, M. D.

FORT WAYNE, IND., *January 24, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing this brief note to you in the hope that my feelings and those of 12 other physicians whom I represent will be known to your committee in an effort to defeat H. R. 7225.

We feel that the provisions of H. R. 7225 constitute the beginning of socialized medicine. We are against the acceptance of the principle of medical certification for anyone under the social-security scheme. We believe that this would be the beginning of national compulsory health insurance. We do not feel that we wish to be put under the multiple pressures from various and devious sources to certify disability if and when the patient feels it is justified.

I would appreciate it if the above could be included in the record of the hearings.

We wish to thank you for the opportunity of sounding off on this subject.

Sincerely yours,

HERBERT J. KAROL, M. D.

FORT WAYNE 2, IND., *January 26, 1956.*

Senator HARRY F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Concerning H. R. 7225, my objection is that, in its present form, a physician's opinion is essential to declaring a person disabled. Usually the applicant would appeal to his family physician. In some cases, there will be little or no disability and it requires a great deal of courage for a family physician to tell the truth and thus deprive the applicant of intended benefits, because in telling the truth, the physician will be depriving himself of a patient. My other objection is the cost. Surely we have gone down the road of a welfare state just about far enough, considering the fact of the national debt. I would request this letter to be included in the record of the Senate hearings.

Yours very truly,

BEAUMONT S. CORNELL, M. D.

LOS ANGELES, CALIF., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am against the proposed social-security amendments or H. R. 7225 and ask you respectfully that my name should be included in the record of the hearings.

Very truly yours,

ALBERT J. GUSTAVE, M. D.

DAYTON, OHIO, *January 24, 1956.*

Re political bill H. R. 7225.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I would like to have the following opinion included in a record of the hearings that are to be held on H. R. 7225 by the Senate Finance Committee to begin the last of January.

It is my opinion that the political bill H. R. 7225 is not in the best interest of the country as a whole. The fact that it is an amendment to the Social Security Act which violates our country's freedoms simply makes an aggravation more aggravating.

It is my firm belief that a better method of accomplishing what H. R. 7225 is trying to do can be devised with less eventual trauma to the people whom it is intended to help.

Very truly yours,

FRANK K. URBAN, M. D.

CUMBERLAND, MD., *January 25, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I understand House bill H. R. 7225 is scheduled to come before your committee within the next few days.

I have written my Senators, the Honorable J. Glenn Beall and John Marshall Butler, that I am opposed to this bill in the form in which it is written.

It aims to liberalize social security, in that it provides total and permanent disability benefits after age 50, providing the worker agrees to accept rehabilitation training. He must be certified as permanently and totally disabled by a physician who is paid by the Federal Government for giving his report.

Should this bill be acted upon favorably by the Senate and concurred in by the House, I believe it is a step in the socialization of medicine, as we now practice medicine.

Please will you include in the record of the hearings my objection?

Most sincerely,

LESLIE E. DAUGHERTY, M. D.

PARK HOSPITAL CLINIC,
Mason City, Iowa, January 24, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I am very happy to hear that your committee is planning hearings on H. R. 7225 relating to social-security amendments. I hope these hearings are complete, so that the entire problems may be studied carefully before any recommendations are made to the Senate.

I would like to have my letter included in the record of the hearings. I am most particularly interested in having cash disability benefits left out of social security. I feel such a system would be likely to influence people who need rehabilitation. I am certain that if such disability payments were initiated there would be constant pressure upon doctors by patients and politicians to sign these certifications.

In general, I am afraid the social-security taxation is becoming too much of a load on the working people of our country.

Lastly, I feel that forcing or providing disability insurance on all those covered by social security is one more step toward socialism.

Thank you very kindly.

Yours most cordially,

C. O. ADAMS, M. D.,
Orthopedic Surgeon.

BEVERLY HILLS, CALIF., *January 26, 1956*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I have registered with Senators Knowland and Kuchel of California a request that they assist in obtaining further study of H. R. 7225. It is my opinion that this far-reaching law needs much more thorough study and revision than it has had to date.

Being familiar with your record of stability concerning new laws governing social and economic change, I sincerely request that you do all in your power to remand this H. R. 7225 back to committee for further study, and also that you do all in your power to see that that study is searching in scope.

I respectfully request that this letter be included in the record of the hearing.

Sincerely,

JOHN D. KEYE, M. D.

PEARSALL GENERAL HOSPITAL,
Pearsall, Tex., January 26, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: As it is about time for hearings to start on H. R. 7225, I would like to take this opportunity to object strongly to this bill. It is certainly noth-

ing but an early step toward Government care of individuals, and eventual Federal control of medicine. Even the slightest beginning of this program, or a similar one, will result in thousands of "mental cripples," who will develop dependency on the Government for aid for the rest of their lives.

I strongly urge you to vote against this bill, and would like for the letter to be included in the record of the hearing.

Sincerely,

E. N. WILSON, Jr., M. D.

PHOENIX, ARIZ., *January 28, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: May I register my opinion of bill H. R. 7225, as one of the payers of unequal taxation without adequate representation. This bill will greatly increase the tax burden of the Government in this trend toward complete socialism. It would be almost impossible to rehabilitate a man after being given a handout of welfare support. Can't the rush into socialism be slowed up a little? Bill H. R. 7225 is a big step toward socialization of medicine in requiring medical services, more paperwork, and apparently payment from the Government eventually.

My ancestors came to this country in 1648. We appreciate the American way of life and see no improvement in changes such as this.

May my opinion be included in the record of the hearings? No answer is necessary.

I am, most sincerely yours,

PAUL M. RYERSON, M. D.

SOUTH BEND 1, IND., *January 27, 1956.*

Re H. R. 7225.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Inasmuch as I am unable to attend the meeting of the committee considering the above measure, please include my statement in the record of the hearings.

H. R. 7225 is objectionable and its approval at this time undesirable because:

1. Such legislation needs far more investigation and study before action is taken. The House held no public hearings at all. Why is it needed just now? How much will it cost? How much will it raise taxes? How many disabled are there? What is disability? What is total disability? Partial disability? How is claimant disabled—hopefully, tragically, resentfully, unemployably, socially, purposefully, helplessly, unnecessarily, irrevocably, grimly, dangerously? Shall we have a new kind of disability, say Federal disability, in addition to workmen's compensation disability, city, township, county, and State disabilty? And vets' disability?

2. It will be another intrusion of the Federal Government into the practice of medicine. The disagreement of Dr. Honest with Dr. Rogue will inevitably propel the determination of disability into the hands of the Government just as the veterans' disability is now determined. Rehabilitation will inevitably fall into the hands of the Feds for if the Government determines the disability it will also provide and determine the rehabilitation just as does the Veterans' Bureau.

3. Cash benefits and rehabilitation are antiethical. If one is rehabilitated he loses his dole. Rehabilitation is likely to be unduly prolonged to maintain the dole.

4. There is no emergency requiring the passage of this act at this time, or without proper investigation which requires time.

5. Social insurance should be taken out of politics, at least national politics. Let's have a little interposition in this matter. Let the Feds leave something to the unified States and not add another termite to Joe Doakes' peg leg.

Cordially,

Dr. F. J. VURPILLAT, M. D.

SYRACUSE 3, N. Y., *January 28, 1956.*

Re H. R. 7225.

Hon. Senator HARRY F. BYRD,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I have been very much concerned with the provisions of the proposed social security amendments, primarily H. R. 7225. It was most unfortunate, in my opinion and the opinions of many of my patients, that the House Ways and Means Committee in June 1955 allowed no public hearings and still the House adopted it.

We realize that, especially in an election year, there is usually a strong temptation to give away Government benefits—whether or not it will be to the long-range detriment of the country.

Obviously there is need for additional study and consideration; may I urge your committee to delay immediate passage of this bill until sufficient careful evaluation of its potentialities have been made!

Social security is vital and important to many needy individuals and should be taken out of politics.

Please include my statement in the record of your committee hearings on H. R. 7225.

Respectfully yours,

SAMUEL H. KAUFFMAN, M. D.

SALT LAKE CITY 11, UTAH, *January 28, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to register my emphatic objection to H. R. 7225 and request that the following statement be included in the record of the hearings.

"The bill H. R. 7225 is another attempt of the American Fabianists to herd the American people a little further toward the security of the feeding pens of the socialistic state, which it is their ambition to establish in this country.

"The bill would require physicians to practice socialized medicine by certifying disability under Federal pay. Doctors would be under pressure from families, friends, and politicians to certify a person as disabled.

"The bill H. R. 7225 would encourage malingering, dull the desire for rehabilitation, and add to our already too heavy tax burden."

Yours respectfully,

EVERETT B. MUIR, M. D.

PHILADELPHIA 3, PA., *January 28, 1956.*

Re bill H. R. 7225.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to register my protest against the above bill, which seems to have been railroaded without sufficient study or consideration of the medical aspect. There has not been sufficient consultation with the medical profession as to our attitude regarding it.

This bill would tend to place the physician under the supervision and influence of politicians and under their scrutiny, which would not be to the best interest of the public; nor would doctors do their best work when under a watchful political eye. This would apply even more forcibly in medical research work.

I shall appreciate your including this note in the record of the hearings.

Respectfully yours,

A. E. OLIENSIS, M. D.

CANTON, OHIO, *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Please include my strong objections against S. 2094, H. R. 7225, in the record of the hearings.

My reasons against it:

(1) Further increase of the present heavy tax load of social security taxes.
(2) Another large step toward the welfare state and socialized medicine.
Thank you for your cooperation.

Cordially,

FRED KAUFFMAN, M. D.

MADISON, WIS., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: In the discussion of your committee of the proposed legislation, H. R. 7225, I would like to have my opinions considered. I further request that my statement be included in the record of the hearings.

I feel that it would be a mistake to add a cash disability benefit system to the Social Security Act without fundamental review of the purposes of the social security system. There is no doubt that the American taxpayer carries a tremendous moral and financial responsibility, both national and international, at the present time.

To add to these responsibilities, particularly a measure which is as far reaching as H. R. 7225, without more definition and information concerning the increased financial load on the taxpayer would be a serious error. Passage of this bill at the present time would obligate our citizenry indefinitely to a program before the deficiency and needs are fully determined. We should first define the needs and then consider all proposals and means to meet these needs.

Sincerely yours,

GEORGE D. J. GRIFFIN, M. D.

BERWICK, PA., *January 26, 1956.*

To Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: Please include this short statement of my reactions to H. R. 7225 in the record of the hearings.

After considerable discussion with my colleagues and considered analysis of the contents of H. R. 7225, I am definitely in opposition to social security for physicians.

Sincerely,

JESSE G. FEAR, M. D.,
Past President of Columbia County of Pennsylvania Medical Society.

THE TAMA CLINIC,
Tama, Iowa, January 26, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I should like to briefly express my reaction to H. R. 7225, also known as the social security amendments of 1955.

There are many undesirable, unjust, and potentially explosive aspects to the bill, and from the medical point of view, several items should be given more consideration:

1. The extent of disability is frequently difficult to determine, especially if the case in question is a mental one or one of unadulterated malingering. This could readily lead to unjust and corrupt practices.

2. Who would determine or define "disability" and the extent of it. The proposed bill carries a definition, but I doubt its adequacy. It would not help with the borderline case.

3. Should the bill become law, many disabled workers would rather receive pensions the rest of their lives than undergo rehabilitation as called for by law. One can readily see what corrupt practices this would create.

It is requested that my reaction to H. R. 7225 be included in the record of the hearings.

Respectfully submitted.

ALOYSIUS J. HAVLIK, M. D.

GENERAL ELECTRIC CO.,
West Lynn, Mass., January 26, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing you to express my concern over the possible passing of H. R. 7225. If this bill is passed, all disabled people over 50 years will be given a pension from the Government regardless of the financial need. I see no need or justification for this type of Government handout.

I have two dependent parents who would benefit by this bill, but I do not feel that it is the other taxpayers' responsibility to keep my parents. That is my responsibility. What has happened to the spirit of independence and initiative of our forefathers, that we should expect the Government to keep our disabled and older folks. This type of legislation discourages people from making provision for possible disability and old age because they know the Government will keep them. It will also discourage the disabled from making any effort to rehabilitate themselves so that they can be gainfully employed. Many would be receiving benefits who actually would not need them from a financial point of view. Because of this, the financial burden to the taxpayers would be prohibitive.

There are a small few disabled people who may not have any family or other means of support. For these disabled there are already existing sources of help.

I am practicing industrial medicine and I have found from experience that when you start paying people for being disabled they are going to find many ways and means to prove that they are disabled when many times the medical facts do not justify it.

The burden of proof of disability will rest on the medical profession. The demands on the profession will be so insistent from the would-be disabled that I am sure many will receive benefits that are not justified.

This type of legislation is one step further toward the welfare state where the individual depends on the Government for his cradle-to-the-grave security rather than his own planning and initiative. I am strongly opposed to this type legislation.

I would like this protest to be included in the record of hearings on this bill.

Sincerely yours,

J. W. BLEVINS, M. D.,
Instrument Department Physician.

BOSTON 16, *January 27, 1956.*

In re H. R. 7225.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Last December 13 I wrote to Senator Leverett Saltonstall and to Senator John F. Kennedy about this bill, and now I am asked to send the same message to you with the request that it be included in the record of the hearings. My message reads:

In re H. R. 7225, which would amend the Social Security Act.

I understand that disability is to be determined by a private physician and that those declared "disabled" will receive cash in addition to their normal social-security benefits.

Physicians will be under great pressure to certify "disability"—whether it is present or not or whether it is temporary or permanent. I can see that "permanent disability" will increase whenever economic conditions become difficult.

Without elaborate control of fraudulent certification by the physicians, the bill is dangerous. The possible cost produced by this new legislation could be staggering.

I hope that this bill will have plenty of free discussion, open to the public, before it is considered by the Senate.

Yours sincerely,

FRANCIS M. RACKEMANN, M. D.

NEVADA, IOWA, *January 27, 1956.*

Re H. R. 7225.

Senator HARRY F. BYRD,
Chairman Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: From conversations during a contact with both Senators Hickenlooper and Martin, in Iowa, during their recess, a solution to H. R. 7225 that may well be considered, was discussed.

As this bill bids fair to being very expensive to the taxpayer (no actuary will dare guess at this time how expensive), thus I believe this bill might well be set aside, pending a competent survey of our welfare tax structure, by a group on a level of one of the Hoover Commissions.

May this suggestion be in the records of your hearings on this bill?

Very truly yours,

JOHN D. CONNER, M. D.

EDINBURG, TEX., *January 26, 1956.*

Senator HARRY F. BYRD.
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am writing you in regard to H. R. 7225 and its effect on medical practice. Since public hearings of this bill were denied in June 1955, and it has already been adopted in the House, I am greatly concerned about the matter.

Who can define permanent or total disability for people in general all over the country? I understand that the AMA is currently reexamining the whole issue and I sincerely hope for the good of the people to be treated and those involved that all legislation would await final recommendations from the AMA and other groups before any further action is taken. There is no immediate danger or crisis on the horizon that warrants immediate passage.

One other thing I might say in passing, is that I wish there was some way to keep politics out of medicine nationally, State and locally. Medicine and politics don't mix well for the good of the patient or for the best relations among doctors and hospitals and among the persons directly involved. I am 100 percent behind helping our servicemen with disabilities connected with service. However, the expenditures of the program outlined in H. R. 7225 would be extremely high in costs of the Federal Government and may become nearly uncontrollable.

I wish, Senator, that you would include my comments in the record of the hearings of H. R. 7225.

Sincerely,

FREDERICK A. GARLOCK, M. D.

ENID, OKLA., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing in regard to the proposed social security amendment, H. R. 7225, now under consideration by your committe. I would appreciate your including it in records of your hearings if possible. I believe that my field of practice, orthopedic surgery, qualifies me to render an opinion on this pending legislation. In my practice, I am called upon frequently to evaluate the medical status of patients injured both in industrial accidents covered by workmen's compensation, as well as civil cases arising from injuries sustained in accidents of various kinds not so covered.

In the case of workmen, the present laws in the State, while in some cases inadequate, do provide a form by which we can estimate the disability and make some form of settlement to the worker injured in the line of duty. However, in the final analysis, the percent of disability is largely determined by the examining physician and opinions will vary on the same case, often to a considerable extent. Equitable awards usually result, but often overpayment or underpayment occurs due to differences in opinion between the examining physicians. Civil suits, not involving workmen's compensation, are as a rule even more difficult to evaluate.

I am of the opinion that the passage of this amendment would create a difficult situation, in which we, as physicians, would be called upon to decide whether or not an individual was totally disabled. This is difficult at present under the framework of existing workmen's compensation laws and would be more difficult under the present proposed amendment since the methods of determination are not defined or carefully set out, but rest entirely on the opinion of the examing physician. Additional safeguards are needed to insure that this determination is an accurate and equitable one.

I would recommend further study in an effort to provide a fair means of determining disability before the passage of this amendment. In its present form, I am sure that injustice would often result, not only to the individual, but to the public as well.

Sincerely,

EDWARD W. BANK, M. D.

HOUSTON, TEX., *January 29, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: As hearings on the bill H. R. 7225 are scheduled by the Senate Finance Committee to begin the last of January, I am taking the honor to let you know, with all due respect, that I strongly oppose, as all of the members of the medical profession are doing, the enactment of the medical aspect of such a bill, because I believe that any significant change in the social security law should be based on an impartial and objective study of the entire social security structure—social, economical, medical, and otherwise—in its present and future aspects, made by a reputable group with great integrity and recognized ability, before the passage of hurried legislation.

I am also making the request, with great respect, that this statement be included in the record of the hearings.

Thanking you in advance for the kind consideration that you may give to this letter, I remain,

Yours very respectfully,

ANGEL LEYVA, M. D.

CINCINNATI, OHIO, *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

YOUR HONOR: It is my understanding that hearings on H. R. 7225 are scheduled by the Senate Finance Committee to begin the last of January. As chairman of this committee may I ask you to consider the position of the practicing physicians of this country in their attitude toward the institution of socialized medicine.

The large majority of these physicians are opposed to this form of practice and feel that you will not support such measures which might directly or indirectly lead to this form of practice.

Is it too much to ask of you to record this message in the hearings?

Respectfully yours,

OSCAR BERGHAUSEN, M. D.

CLAYTON, MO., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Nearly everyone I know is greatly alarmed at the possibility that the Senate may pass H. R. 7225. It is my considered opinion that the passage of this bill would mark the beginning of the end of free enterprise.

Will you please include my statement in a record of the hearings by the Senate Finance Committee?

Very truly yours,

JAMES W. BAGBY, M. D.

WINNETKA, ILL., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Please include this in record of hearings.

From the medical viewpoint H. R. 7225 would develop socialized medicine because a physician's certification as to disability entitles the worker under social security to cash payments but only so long as sufficient pressure exists to originate and continue cases of disability, thus increasing the number of required Government employees and taxes with physicians in Federal pay.

The Armed Forces and Veterans' Administration experience great difficulty in evaluating disability even after long hospital study of the man. This is a practical impossibility in civilian life where experience has been that the length and often the degree of disability varies directly with compensation. Therefore it holds that the effect of disability payments would be demoralizing and destroy the will required for recovery from illness.

Further study is absolutely indicated to avoid the insidious and disastrous ills inherent in H. R. 7225.

Very truly yours,

ROY E. BRACKIN, M. D., F. A. C. S.

THE WICHITA CLINIC,
Wichita, Kans., January 26, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: Your Finance Committee, at the present time, is considering H. R. 7225 concerning the proposed social-security amendment. I am opposed to that portion of the bill stating that disabled people of age 50 or above should receive cash benefit for the following reasons:

1. The cost of this bill would run into astronomical figures which would increase from year to year, and I do not believe that the taxpayers are willing to shoulder a larger amount of their paycheck going to the Federal Government.

2. Passage of this portion of the bill would result in a great decrease in the rehabilitation program, which in turn, would result in those people not being able to care for themselves financially and also to decrease the taxes which those people pay.

3. The physician would be placed in an extremely embarrassing and awkward position, being pressed on one side by the patient alleging to be disabled and on the other side by the Government. Those examinations would probably be at Government expense which would result in the physicians of this country being in the pay of the Federal Government, and I am unalterably opposed to that.

I hope that you will take these few suggestions under consideration and that this letter will be included in the record of your committee hearing.

Very truly yours,

JOHN W. WARREN, Jr., M. D.

WACO, TEX., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: It is my understanding that bill H. R. 7225 will come before the Senate Finance Committee very soon. I would like to take this opportunity to voice my opposition to this bill, as I believe it is a major step toward the socialization of medicine, a condition to which I am greatly opposed. It seems to me that this bill would certainly involve the Federal Government in the practice of medicine. I would also like to request that my feelings be included in the record of hearings.

Thank you for your consideration.

Sincerely,

CHARLES H. DU LANEY, M. D.

ALBANY, N. Y., *January 27, 1956.*

Re H. R. 7225.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: May I send you this letter in the hope that it will be included in the record as to my being in opposition of H. R. 7225.

This bill requires a great deal more study than has been given to it before it becomes the law of the land.

I object to it for several reasons. I do not believe the Federal Government should extend social security to anyone under 65 years of age, regardless of whether they are totally disabled or not. I believe that this is another wedge toward socialization not only in medicine but in all other facets of the American way of life. I believe this is similar to the "cradle to the grave" system that has failed to work in Britain. I do not believe that the taxpayers of this country should be made to support the rest of the country whether they be totally disabled or not. I believe that this bill, plus the many other social-security benefits, plus the Veterans' Administration annuities (and I speak as a veteran) will financially bankrupt this country in the next decade.

If those over 50 years of age to receive social-security benefits because of total disability were the only ones included it might not be quite so tragic; however, being a doctor of medicine in general practice for the past 22 years and having handled many compensation cases I do not have the belief that we as physicians can sort out who are totally disabled over 50 years of age from those who are merely looking for a free living for the rest of their lives. I believe that as time went on the rolls of those totally disabled over 50 years of age would contain over 50 percent who would otherwise be rehabilitated to good paying jobs and better health if they were not offered this dole.

I have already written Senator Irving Ives from whom I received a noncommital letter (probably a form letter) and Senator Herbert Lehman who is apparently going to push the bill to its fullest extent and is even hoping to lower its age group to birth. This of course means a welfare state.

Very truly yours,

JAMES A. MOORE, M. D.

RODEMEYER & TAYLOR,
Sheffield, Iowa, January 26, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Will you please place this communication in the record of the hearings when consideration of H. R. 7225 occurs? I have already expressed my sentiments on this bill to the Honorable Senators Hickenlooper and Martin of Iowa and will send copies of this letter to them also.

The circumstances under which this proposed law was passed through the House of Representatives during the last session of Congress were quite questionable to say the least and it is my fervent hope that the senior body will take more care in its contemplation. The bill proposes a type of medical care, as you know, that will be the entering wedge for the Federal control of medical care. This registration of complaint against this bill is in no sense just a desire to be "agin" something. Rather the implications of its seemingly innocuous intent spell once more—a dip, yes a very deep dip, into the future economy of the United States. And the source of the payments has only one place of derivation, all of us who pay taxes.

It is hoped that you can see your interpretation of this measure as having only one end and that defeat. This is an election year and there are many, and understandable temptations, but it is my sincere hope that the Senate will not favor this proposal.

Respectfully yours,

WENDEL W. TAYLOR, M. D.

INDIANAPOLIS, IND., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I wish to express my opinions of H. R. 7225 with the request that my letter be included in the record of the hearings.

Far more study of this bill is needed before any action is taken, especially since no public hearings were allowed in June 1955 by the House Ways and Means Committee.

The inclusion of a cash disability benefit system in the present social-security setup, involving private doctors in certification of such benefits, cleverly detours us into an early phase of socialized medicine, which we do not want.

The Federal giveaway programs must be curtailed, even though this is an election year. We have already exceeded our giveaway ability.

Social security in general has no place in our democracy at all. It is based upon the philosophy that the individual is incompetent to plan his own welfare program. True welfare needs of all types can be cared for at State and local level with much cheaper tax dollars.

Sincerely yours,

BYRON W. KILGORE, M. D.

ST. LOUIS, MO., *January 25, 1956.*

Re H. R. 7225 (social-security amendments)

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to express my sentiments regarding this bill. It represents large and radical commitments and the ultimate effect on the economy of the country could well be disastrous. Therefore, I believe the measure should have thorough consideration with all segments of the community allowed to express their opinions.

I am particularly anxious that this bill should not be railroaded through Congress in an election year. I believe it was not given adequate consideration in the House and that the forces behind it are selfish, political, and socialistic and unmindful of the best interests of the country as a whole. Hence the need for caution in regard to the bill.

I request that this letter be made a part of the record of the hearings.

Respectfully yours,

LELAND B. ALFORD, M. D.

FORT LAUDERDALE, FLA., *January 27, 1956.*

Senator HARRY F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: May I express my concern in regard to H. R. 7225 and request that it be included in the record of the hearings before your committee.

The passage of such a bill would result in a predictable effect on medical practice because of the inevitable governmental regulation of medical services to the disabled. Physicians should be free from pressure by politicians, administrators, and patients seeking disability certifications.

If such a bill should become law there would be a profound financial effect on the social-security system, the extent of which is unpredictable. For this, as well as other reasons, far more study is needed before any action is taken. There is no crisis to warrant immediate passage.

Attempts at rehabilitation would be hindered by cash payments since successful rehabilitation would result in loss of cash benefits.

With thanks for your courtesy, I am

Yours very truly,

CLIFTON B. LEECH, M. D.

MUSCATINE, IOWA, *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: It is not necessary to answer this letter. I am writing to you because of my concern for the hearings on the social security amendments and specifically H. R. 7225.

I have been in practice 17 years and spent 5 years in the United States Army. I have had enough experience with disability of a total nature to say outright that the care of such totally disabled persons belongs entirely in the hands of an interested physician and under H. R. 7225 this relationship would disappear. Also it is my strong conviction that rehabilitation of such patients would be stymied by H. R. 7225.

I am opposed to the bill H. R. 7225 and I would like this statement to be included in the record of the hearings.

Cordially,

K. E. WILCOX, M. D.

MINERAL POINT, WIS., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing to you regarding H. R. 7225, on which the Senate Finance Committee will soon start its hearings.

It is my opinion, as it is of many of my colleagues in this section of Wisconsin, that this bill did not receive proper study before being passed by the House. I know that both you, and the members of the Senate Finance Committee, have already heard a great deal, pro and con, about H. R. 7225, but I would like to state a few facts and questions for your careful consideration. I would also like to request that they be included in a record of the hearings.

(1) What financial effect would the passage of H. R. 7225 have on the social-security system?

(2) Would cash handouts actually promote rehabilitation, or would it be a hindrance when the recipient visualized his cash benefit cut off by successful rehabilitation?

(3) Increasing the benefits and the number benefited under social security is going to increase the tax. Where will it stop, and what is to prevent it from going on and on? Isn't a bill being prepared that will lower the age limit for women? Isn't it likely that someone will demand the same thing for men? Then what next?

(4) Is there actually any crisis existing that warrants the immediate passage of H. R. 7225? Could it not have a very thorough study before any action is taken?

(5) Is social security in time going to get too big? Would not the entire system benefit if it were taken out of politics, before it becomes too much of a political football.

Also I would like to voice my opposition to compulsory social security for dentists, lawyers, physicians, and other self-employed persons. Of the many physicians and dentists that I have heard express an opinion only one ever expressed a favorable attitude and he thought it should be on a voluntary basis.

I believe that any bill designed to bring those self-employed persons into the social-security system, that are not already included, needs careful study before being acted upon.

Again, may I request that the above be included in the record of your hearings and that it be given your thoughtful consideration.

Sincerely yours,

W. D. HAMLIN, M. D.

THE QUEENS COUNTY DENTAL SOCIETY,
Queens County, N. Y., January 26, 1956.

Senator HARRY F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SIR: In consideration of the fact that the Dental Society of the State of New York has voted to recommend the inclusion of dentists under the compulsory provisions of the Social Security Act after a referendum showing an 8-to-1 vote

in favor of this action, the undersigned, in the name of the executive board of the Queens County Dental Society wishes to go on record as urging you to vote for such inclusion.

Every year's delay denies to the families of 350 young dentists who die in the course of that year, the benefits 50 million other citizens enjoy; further it forces older dentists to work past the accepted retirement age in order to accumulate sufficient contribution to assure eligibility. We, therefore, urge immediate action on your part.

Very sincerely yours,

EUGENE S. JOSEPHS,
Chairman, OASI Committee.

ABERDEEN, S. DAK., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate.

DEAR SENATOR BYRD: It is my opinion that H. R. 7225 needs a great deal more study before Senate action is taken.

Rehabilitation programs will be penalized a great deal in many instances and malingering encouraged by this bill as it now stands.

Consider carefully, before you give away the birthrights of your children and your grandchildren by burdening them with more and more taxation to pay for additional social-security benefits.

I would like to have this letter included in the record of hearings of the Senate Finance Committee.

Yours very sincerely,

JOHN F. CORNELY, M. D.

LOS ANGELES, CALIF., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: During all the years of my thinking life I have associated your name with sound fiscal policy in respect to Government expenditures. I understand that hearings on H. R. 7225 are scheduled to begin in the immediate future by the Senate Finance Committee. I am greatly concerned over the unsound fiscal practices connected with social security as it is presently administered, and even more so that an extension of such practices should be contemplated by this bill.

If this measure is enacted to purchase votes in an election year, it is the youth of America who will have to pay the piper in the future. Sound public policy and morality should not allow us to saddle our young people with this burden. In addition, the proposed cash payments for total and permanent disability will inject the Federal Government into the practice of medicine in opposition to the stated philosophy of the present administration. I think you will agree that financially unsound welfare measures are part and parcel of state socialism, and state socialism is communism on the installment plan.

Basically the confusion always seems to arise between social progress in spheres that the people individually and collectively are unable to accomplish for themselves and the expansion of socialism into spheres where private enterprise does have the appropriate answers. The American answer to this problem has been indicated by the AMA and bar association—to permit the individual who is self-employed to deduct up to a specified amount of his adjusted gross income each year for his own old-age survivors insurance. Such payments are the product of his own initiative and his own toil and give him the same rights and privileges now granted to those persons employed by corporations. I believe that all Americans, except the truly indigent, would subscribe to this in preference to standing in line for Government handouts in the twilight of their lives.

I would appreciate it if you would include this statement in the record of the hearings.

With kindest regards.

Sincerely yours,

M. HUNTER BROWN, M. D.

STATE OF NEBRASKA,
DEPARTMENT OF EDUCATION,
SEWARD, NEBR., *January 27, 1956.*

Re H. R. 7225

Hon. HARRY F. BYRD,
Member, United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: This bill before Congress concerns me because (1) it would involve certifying applicants by me and my colleagues. From experience with the Veterans' Administration and other social agencies they do not hestitate to make suggestions to the applicant ways in which pressure may be exerted on the examining doctor.

(2) I do not want to be paid by the Government. Again experience has shown that there is a continued addition of governmental regulations when once an area has been brought under their supervision.

(3) The "disability freeze" adopted in 1954 has been quite complex. I am a member of the State Board of Education of Nebraska. We have been requested to administer this amendment. A lawyer with advisers was sent to our department from Kansas City to explain how this was to be set up. Our office was confused with their explanation due to the complexity of the act. If this is typical, then we should not be saddled with further similar legislation.

Will you please read this into the record of the hearings.

Sincerely yours,

W. RAY HILL, M. D.

MINNEAPOLIS, MINN., *January 27, 1956.*

Senator HARRY F. BYRD:
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SIR: I am very much interested in the bill H. R. 7225. I know the tendency of politicians to pass legislation increasing the benefits to the voters without paying much attention to the cost and taxes to the taxpayers. I am sure that you have studied this measure of extending the benefits of social security. Medical men know that if this bill passes as it now is, it will include medical services. Once medical benefits are included under this system, pressure groups will try to liberalize them moving right into Government medicine. I am personally, and medical men generally are, very much opposed to this expansion of the social security system. Social security should be taken out of politics.

Sincerely yours,

JOHN A. DAHL, M. D.

SAGINAW, MICH., *January 26, 1956.*

Senator F. BYRD,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

DEAR MR. BYRD: I am writing to you with regard to H. R. 7225, concerning payments of disability benefits to those over 50 years of age.

Having been an industrial physician for 28 years I have an opinion concerning this bill. I feel that the bill should not be passed by the Senate except after very adequate studies are made of its advisability. On the surface it would seem to be commendable and humanitarian but there are in my opinion certain pitfalls which can be obviated only by prolonged study. I do not believe that the usual public hearing during which those opposed to and in favor of such a bill, is the answer. The committee should have the benefit of a thorough unbiased study of the functioning of such a bill.

At present many industries provide for total and permanent disability benefits to those over 50. Would the social-security payments be in addition to such benefits? Would they supplement those receiving veterans' disability benefits? And would they supplement the benefits under one's personal insurance?

Another touchy point is this: There is a tendency to consider one disabled who is unable because of a sickness or injury to perform his own job. This results from the tight seniority provisions in most industries, which provide in many cases that a man who enters a different department, plant, or trade, loses the seniority he had in his own department or trade. Total and permanent disability would be an easy "out."

Another question which should be answered is this: Would one be considered totally and permanently disabled if he has been disabled continuously for 6 months? An automatic provision of this kind would be very expensive.

The bill seems to provide that one's personal physician can certify to a disability. This is in my opinion very dangerous. The average physician knows little about the general subject of jobs, trades, retraining, and other matters so necessary for a determination of total and permanent disability. Such examinations should be made by clinics or committees of physicians headed by men who have special training and experience in disability determinations, job requirements, and rehabilitation, even though one would have to travel several hundred miles to appear before such a board if able, and if not able, such a specialist would come to him.

The taxpayers should be represented by some sort of appeal system, whereby objection can be made to the certification of physicians to disability if based on inadequate evidence. It is presumed that the representatives of the social-security system will arrange for appeals but this should be provided for in the law in order to prevent individuals from taking undue advantage of the privilege.

The provision of a disability system for those who are genuinely disabled is a very worthy objective, but I feel that a several months or longer study should be made to determine if H. R. 7225 is the answer.

I would appreciate it if this letter be included in the record of the hearings on this bill.

Respectfully submitted.

RICHARD D. MUDD, M. D.

YOUNGSTOWN, OHIO, *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to register with the committee my reaction on H. R. 7225, and request that this statement be included in the records of the hearings.

It is my opinion that there should be a thorough study of social security in all its aspects before we consider passage of H. R. 7225. Facts developed by such a study can then be used as a basis for a sound national decision on this issue.

H. R. 7225 should not be considered by the Senate until this study has been thoroughly evaluated.

Sincerely,

C. A. GUSTAFSON, M. D.

BOSTON 15, MASS., *January 27, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I wish to go on record as being strongly opposed to H. R. 7225. In my opinion, it is merely another step toward a completely welfare state. It is financially most unsound. The benefits proposed would be abused to such an extent that the expense would be intolerable to the taxpayer. It would also serve as another attempted wedge in the promotion of socialized medicine.

I am strongly in favor of disability insurance but on a private basis. I carry such insurance and believe that the average worker can do likewise. "Cradle to the grave" legislation discourages personal initiative and has a deteriorating effect on the individual as a natural result, on the country as a whole.

I request that my opinion be included in the record of the hearings.

Very truly yours,

GEORGE E. MACDONALD, M. D.

ROCKY MOUNT, N. C., *January 26, 1956.*

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: The Intelligent decision by the Senate Finance Committee to hold extended hearings on H. R. 7225 and to give people an opportunity to express their views is highly commendable. This decision is in sharp contrast to the dictatorial tactics of the House Ways and Means Committee last year.

I am enclosing a brief statement of part of my reaction to H. R. 7225 and respectfully request that it be included in the record of the hearings.

Sincerely yours,

S. F. HORNE, M. D.

REGARDING H. R. 7225

The authors of H. R. 7225 seem to have in common with Lenin and Bismarck the paternalistic philosophy of government which included the supremacy of a trained and solidly disciplined bureaucracy over what they considered the anarchy of the unregimented market place. To such people, the "little man" was either financially or at least morally incapable of caring for his own future. Both men were motivated by an insatiable thirst for power and utilized to their own political advantage the alleged responsibility of the state for controlling the insecurities of industrial life. Social insurance or social security was essential to their concept of the good society. It involved a regimented society ruled by their own superior wisdom.

So much has been written about social security in general that it would fill a major library. Much less has been said about the specific nature and implications of compulsory medicine. Authoritarian medicine is the only branch of the security system the major function of which is to provide gratuities in kind. The insoluble problems created by such design are well known and understood. As no other security does, this kind necessitates direct, physical controls which threaten to interfere with basic rights and freedoms. It is a difference such as exists between the government's taking over and running a nation's industry and its protection of such industry by tariffs—the difference between socialism and subsidy.

H. R. 7225 is a menacing monster on the horizon of quality medical care and medical freedom. There is no question that enactment of cash payments for disabled persons at age 50, to receive social-security benefits not now available until age 65, would require physicians to practice socialized medicine because the medical determination of disability would be under the regulation, control, and pay of the Federal Government (the solidly disciplined bureaucracy of Lenin and Bismarck). Enactment of this section would also establish the operating machinery for dispensing all medical care to all citizens under the regulation and control of a Washington bureaucracy. If we follow the Old World plan—and we have been doing it rapidly for the past 20 years—the next step will be medical care for the disabled and cash benefits for their dependents.

The provision for compulsory cash sickness benefits for temporary illness would change the entire future of the medical profession. This section of the bill would require certification of disability by physicians controlled by and paid by the Federal Government. Doctors would face the horrible prospect of possible pressure from families, friends, ward politicians, and even Congressmen to certify a man as disabled. These cash payments to the disabled would encourage malingering and obstruct rehabilitation.

Of all branches of that great field of humanitarianism called social insurance the medical is the least predictable in costs and in consequences. As no other, it tends to foster the very thing against which it is supposed to provide insurance. Ironically, in a world that spends more and more to combat physiological diseases, more and more psychological incentives for illness are being fostered.

I well realize that this is an election year and that legislation offering giveaways, doles, and bribes for the voters has its best chance of passage.

However, gentlemen, I beg of you, do not take by force the property of one man for the benefit of another and place the control of the lives of millions of Americans in the incompetent hands of the commissars of a Federal bureaucracy. You are now bargaining on quality medical care and medical freedom for physicians and their patients. Do not compound errors by expanding a dishonest and actuarially unsound system that is neither social nor secure. Do not add insult to injury by dealing the final blow to the initiative and self-respect of American

citizens who may be better able to provide their own security than is an incompetent bureaucracy functioning in a Government almost $300 billion in debt.

Consider well the long-term consequences, not the political expediency.

PORT ARTHUR, TEX., *January 27, 1956.*

Senator H. F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I fervently believe that social security should be taken out of politics and my analysis of H. R. 7225 reveals that it is a subtle, surreptitious attempt to bring about Government control, and its possible attendant pressure, on some phases of medical practice.

The impact of such a Federal cash disability system on medical practice is clear. In addition to the inevitable governmental regulation of medical services to the disabled, physicians would find themselves under constant pressure from politicians, administrators, and patients seeking disability certifications.

I am against this resolution which is up for hearing by the Senate Finance Committee early this year. I feel that this legislation needs far more study before any action is taken.

I respectfully request that my reaction to this resoultion be included in the record of the hearing. Thanking you for your serious attention to this vital matter, I remain,

Respectfully yours,

G. R. SOLIS, M. D.

HENDERSONVILLE, N. C., *January 27, 1956.*

HON. HARRY F. BYRD,
United States Senator,
Senate Office Building,
Washington, D. C.

SIR: This statement is our feeling about H. R. 7225. Since the moneys collected from social-security tax are not impounded in a reserve fund, it seems to be poor business to further increase the amount of the tax collected, and to increase the national debt, by increasing benefits paid out by an insolvent corporation.

Furthermore, this bill would appear to be another wedge, driven into the cause of socialized medicine, which is, after all, the hub of the wheel. Do we want socialism? If so, this is a very good way to make progress in that direction. Can we not profit by England who is now repudiating some of her misconceptions of socialism.

May I ask who is to pay for the staggering costs of such a program? Also, may not the next generation repudiate our rash acts?

The effects of this measure are so far-reaching it could be well studied for a period of 5 years.

One hears terms such as adequate safeguards to prevent abuse of the disability clause, in the complex welter of redtape, which will follow such a law, the entire program will become the football of political interests, another gigantic giveaway by the Federal Government.

Please include this in the record of the hearing.

Respectfully yours,

AUGUSTUS B. CHIDESTER, M. D.

KANSAS CITY, KANS. *January 27, 1956.*

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR BYRD: In connection with the approaching hearings by your committee, I wish to register my opposition to H. R. 7225, which amends the Social Security Act in a way, in my opinion, dangerous to the practice of medicine and ultimately to the national economy. It would be appreciated if you will see that my expression of opposition is included in the record of the hearings.

In addition, I am urging my patients and friends to express their opposition to this bill.

Sincerely yours,

C. H. STEELE, M. D.

FORT MADISON, IOWA, *January 26, 1596.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: This is a letter of protest against certain portions of H. R. 7225.

As a practicing American physician my reasons of objection to this proposed legislation are these:

The measure passed the House by an overwhelming majority after limited debate and no public hearings.

Benefits depend on an individual's extent of disability, which is often exceedingly difficult to determine, especially since the physician will be under great pressure.

The benefits will be an encouragement for a declination of rehabilitation.

There will be an addition to present Federal-State rehabilitation programs.

Extension of the proposed legislation to cover the temporarily disabled will be too easy.

Coverage of partially disabled will be the next logical step.

Federal control of benefits will necessitate policy control.

I believe that this bill is without doubt the opening wedge for socialized medicine in this country.

I do not expect a reply to this letter but I will appreciate it being included in the record of the hearings.

Sincerely,

JOHN R. ANDERSON, M. D.

BEAVER DAM, KY., *January 26, 1956.*

Hon HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building.

DEAR SIR: I am writing you in regard to H. R. 7225 which is scheduled for hearings by your committee the latter part of this month.

I am very much opposed to the medical implications of this bill. I firmly believe that it is a step closer to the ultimate destruction of the free enterprise system of the practice of medicine.

I object to receiving payment from the Federal Government—a predesignated fee—for my services. I also object to practicing medicine under the socialistic system, a plan which has been tried in other countries and has not been entirely satisfactory to say the least.

I feel that this bill, if passed, is but the first stepping stone to eventual control of medical practice by the Federal Government.

I request that my opinion of H. R. 7225 be included in the record of the hearings.

Sincerely,

D. C. BENNETT, M. D.,
President, Ohio County Medical Society.

SPRINGFIELD, MO., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I would like to express my concern relative to the hearings on H. R. 7225.

1. I do not believe there is any emergency necessitating its immediate passage.

2. I believe it would hinder rather than help a recipient's rehabilitation since he then would lose its cash benefits.

3. I believe it would have a far-reaching effect on the practice of medicine as it would be a wedge for socialization.

4. I believe the whole social security structure needs a thorough evaluation before we add a feature as important as the one this bill proposes.

I would like to request that this be included in the record of the hearings.

With kindest regards,

R. NED WHITE, M. D.

THE AMERICAN ACADEMY OF GENERAL PRACTICE,
Fowler Clinic, Barre, Mass., January 26, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: First, let me congratulate you on the fact that you are having unhurried hearings on H. R. 7225 with the obvious intention of securing full expression of opinion regarding this bill so hastily and arbitrarily rushed through the House at its last session.

I wish to register my own personal opposition to any compulsion in bringing physicians into a Government system of which they do not approve. My opposition to H. R. 7225 is also the stand taken by most of my acquaintances in the practice of medicine.

The right to tax gives the power to destroy. The future hope of America lies in the strength of fiber in the individual. Too much Government planning for the individual and his compulsion to abide by these plans removes incentive, lessens individual initiative, impedes progress, and eventually destroys the moral fiber of the individual.

I ask your committee and the Senate to make no decision which will compel the great body of physicians to take their place in a subservient group. It seems to me that the interest of the country could be best served by increasing the incentive for the individual to provide for his own protection through private sources; which private sources, in turn, further stabilize and make greater the ultimate resources of this great country of ours.

Social schemes, carried too far, could eventually destroy the soundness of our economy and create a herd of abject followers and dependents eventually destroying all our freedoms.

I wish to make this protest a part of the records of your committee in considering the unwisdom of such a bill as H. R. 7225.

Very sincerely yours,

JOHN R. FOWLER, M. D., *President.*

MARTINSVILLE, IND., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

Senator HARRY F. BYRD,
before the Senate Finance Committee the latter part of this month. I have been an active practicing physician in Indiana for 33 years and I am greatly interested in the future welfare of our country and the continued development of medical practice as we have known it.

There are some features of this bill which are very undesirable. It would be very difficult to administer with fairness to everyone involved. Total disbility is an evasive term. I am requested all too frequently to certify or state that an individual is totally disabled for reason of insurance, pension, or civil suits. Pressure is brought by friends, relatives and politicians in such matters. The expense of administering such a bill would only add to our already overburdened national economy. The need for such aid is limited. Local agencies are taking care of these problems in a very satisfactory economical manner. But I am sure that if this bill were passed the number of claimants would increase manyfold. It would be an entering wedge for much more undesirable legislation of this type.

Therefore I respectfully request that this communication be included in the record of the hearings.

I have written Senators Jenner and Capehart concerning H. R. 7225 and discussed it personally with Congressman William Bray.

Very truly yours,

LEON GRAY, M. D.

SPRUCE PINE, N. C., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that the Senate Finance Committee is now beginning consideration of H. R. 7225 and I would like to register my opposition to the bill and request that these opinions be included in the record of the hearings.

1. My employees and I do not want the present compulsory insurance scheme that is now the Social Security Act, yet they are forced to take it and I, as an employer, am forced to contribute; I do not believe that the present system can be dismantled but at least I do not want to see it extended with the inevitable increase in the contributions of both employer and employee.

2. I am particularly opposed to cash disability benefits for anyone over 50 years of age who can get a physician's certificate of permanent and total disability, since this would provide incentive for disability which in my experience with patients has been a greater deterrent to recovery than any other disease.

3. This bill would also provide for vocational rehabilitation of disabled persons at the expense of the Government which would further project the Government into the field of medical practice and this treatment would, in most cases, be doomed to failure because of the continued payments for disability; not because the person was consciously malingering, but because much of the incentive for recovery would be thereby removed.

There are many other objections to this type of coverage by the Federal Government, of most of which I am sure you are aware, and I know that these extensions are politically attractive and supported by many people who subconsciously feel that they will be able to secure more from the system than they pay into it, but I am sure that you and your committee are aware that we cannot all do this and will not provide the opportunity.

Please report unfavorably on H. R. 7225.

Very truly yours,

D. L. PHILLIPS, M. D.

SCOTT AND WHITE CLINIC,
Temple, Tex., January 26, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: I am very much interested in H. R. 7225, the hearing of which is scheduled by the Senate Finance Committee to begin the last of this month.

It is my opinion that this bill is very dangerous for several reasons, the most important of which is that the bill apparently has had only superficial consideration in spite of its extremely complex and far-reaching aspects. An objection is the cost of administering such a project as advocated by the bill. I do not believe that the cost of the proposed legislation could be more than guessed at now. Another objection, which is more important to me, of course, than to the general public, is that this measure would give the Federal Government an additional hold on the private practice of medicine since it is obvious that physicians making the examinations required would necessarily be paid by the Federal Government and would be subject to pressure by friends, relatives, and politicians.

I should appreciate your including this letter as part of the record of the hearings conducted by your committee.

I appreciate very much the work you are doing in an attempt to stabilize our economy.

Very truly yours,

JAMES C. STINSON, M. D.

YOUNGSTOWN, OHIO, *January 25, 1956.*

Hon. HARRY F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Allow me, as a physician, to register disapproval of bill H. R. 7225 and request that it be defeated in the Senate.

From a physician's standpoint I would like the Government to become less involved in medical problems and treatment.

The treatment of veterans in our offices is anything but satisfactory. The ones who I see infrequently are most difficult with whom to make any progress in therapy; and the reason is the fact that they think the Government owes them something, and why should they get off the list of benefactors.

This service is wasting millions every year on this type of treatment.

In addition, the vets' service is paying millions of dollars for disability to ex-servicemen, who do not need the money and who are making salaries of $12,000 per annum and upward.

These movements of this generation in grasping for public doles is a sad commentary on patriotism and an effront to the founders of this country and the men who fought in earlier wars of the United States.

As physicians we do not wish to be involved in certification of disabilities which may be dominated by politics, or chislers among patients.

The dividing line between disability and nondisability may be stretched so far that no self-respecting doctor could resist the pleadings of patients, friends, administrators, and keep a free mind to determine those states of disability.

A case in point is an example: A man in his 75th year was tending steam boilers last year and had a stroke. He was treated and kept in a nursing home for 3 months. He recovered enough to walk around and do the ordinary cares of his existence during the next couple of months.

One day he came to the office and wanted a letter that he was recovered enough to work at tending boilers and shoveling coal all day. If he had this letter the unemployment insurance would have to pay him compensation for so many weeks.

I refused to write this letter as the man was not a fit subject to return to active labor nor would he ever be so recovered in my mind.

That was the last I ever saw of this fellow. Perhaps someone did write such a letter.

If bill H. R. 7225 becomes a law there will be hundreds of thousands of these types of experiences.

I wonder where this public dole system is leading us.

The following paragraphs from the American Medical Association folder sum up the situation very aptly:

"Determination of disability would involve certification by a private physician, supervised by State agencies. Payment for this medical service may come from the Federal Government.

"H. R. 7225 further stipulates that a disabled person will not be eligible for cash benefits unless he accepts vocational rehabilitation. Here, again, medical services would be required, with payment provided, at least in part, by the Federal Government.

"The impact of such a Federal cash disability system on medical practice is clear. In addition to the inevitable governmental regulation of medical services to the disabled, physicians would find themselves under constant pressure from politicians, administrators, and patients seeking disability certifications."

I thank you for taking cognizance of my opinion in the matter and I hope this letter will be included in the record of the hearings on this bill, H. R. 7225.

Respectfully yours,

Dr. J. P. HARVEY.

MIAMI, FLA., *January 27, 1956.*

Re H. R. 7225, social-security amendments.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I am writing to you in reference to the new proposed social-security amendments. I wish to let my stand be known to you and would like to have it read into the records of the hearing.

I am 100 percent in cooperation with the American Medical Association. I believe the American Medical Association through Drs. Elmer Hess, M. D., and George F. Lull, M. D., have also written to you in reference to their cooperative stand.

Thanking you in advance for your consideration of this letter.

Yours truly,

FRANK W. TROMBLY, M. D.

OAKLAND 2, CALIF., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

SIR: I believe that certain provisions of H. R. 7225 are unsatisfactory and should be modified, namely, those that discriminate against persons who cannot be rehabilitated by withholding benefits from them. In my experience certain individuals cannot be rehabilitated no matter how hard one tries and such persons are all the more in need of financial support.

Can this statement be included in record of the hearings?

Yours respectfully,

CLIFFORD KUH.

LONGVIEW, TEX., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: Hearings on H. R. 7225 have been scheduled by your committee for the last of January. I am deeply concerned about H. R. 7225 for I feel that its passage will be the wedge which will open the way for Government medicine.

I feel that there are unlimited possibilities for harm in H. R. 7225, harm not only to the practice of medicine but to the financial security of the Government as well.

I take this opportunity to go on record as being against H. R. 7225 and request that this letter be included in the record of the hearings.

Very truly yours,

JOSEPH H. RAPPEPORT, M. D.

HARRISBURG, PA., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

HONORABLE SIR: Pursuant the proposed social-security amendments on H. R. 7225, it is my feeling that since a social-security program has become a reality in our Nation, it should be of such scope as to cover all gainfully employed individuals with an element of equity. Otherwise we will unwittingly develop an economic caste system.

It is true that as one individual whose knowledge on the subject is not supplemented by a comprehensive review of the problem, I may not see the picture with sufficient foresight for the total good; nevertheless the above is an indication of my personal reaction.

Being cognizant of the magnitude of your tasks, I would appreciate this being included in the record of the hearings.

Sincerely yours,

NATHAN SUSSMAN, M. D.

FORT WAYNE MEDICAL SOCIETY,
Fort Wayne, Ind., January 26, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: We are vitally interested in H. R. 7225, a bill to amend the Social Security Act, which we understand is presently under consideration of your committee.

Speaking in behalf of the 234 doctors who comprise the membership of our medical society, we urge your committee to give careful consideration to certain measures contained in H. R. 7225. We are primarily concerned with the provision to allow cash payments for disability to persons over the age of 50.

There is no doubt in our minds that a plan of this kind would have disastrous effect on rehabilitation of the disabled. At the same time needless pressure would be brought to bear on physicians for medical certification of disability benefits. Employment of women is at its highest peak. Upon reaching the age of 50 they would find cash payments for disability a welcome change from the work routine.

It is our firm belief that this provision should be removed from the bill, that responsibility for the handicapped continue to be vested in our State and local governments, and that the Federal Government refrain from further interference in the private practice of medicine.

We would appreciate this letter being placed in the record of the hearings. Thank you for your consideration.

Very truly yours,

N. H. GLADSTONE, M. D., *President.*

STAREKOW CLINIC,
Thief River Falls, Minn., January 26, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I have previously communicated with the two Senators from Minnesota about my feelings in regard to H. R. 7225, which comes before your committee at your session of Congress. I have had several years' experience working with shipyard employees at two of our large naval shipyards. The problems I saw there in regard to compensation for disability have led me to believe that the section of H. R. 7225, that deals with disability and rehabilitation, is an extremely explosive one, which may well cost a great deal more than estimates would indicate. The degree of Federal, State, and patient persuasion on physicians, in certifying disability and management of disabled persons, would be very great. Without a great deal more investigations as to the cost and the actual workings of such a plan, I would be decidedly against the passage of H. R. 7225.

I request that your committee, as different from the House of Representatives, hold open hearings on this matter, and I would also request that this be made part of the record of your investigations.

Sincerely,

GEORGE B. MARTIN, M. D.

NEWPORT, KY., *January 27, 1956.*

Senator HARRY F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing this letter as a citizen of the United States and a resident physician in the State of Kentucky. I wish to voice strong opposition to social-security amendment, H. R. 7225. This bill is socialistic through and through.

I would like to request that this letter be included in the record of the hearings on this bill.

Very truly yours,

D. K. DUDDERAR, M. D.

AURORA, ILL., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am deeply concerned about H. R. 7225. It would place the physician in an impossible situation. On one hand would be the patient desiring certification as permanently disabled. He and his family would make a pressure group that would be hard to resist, especially in the frequent borderline cases. The will and necessity to work are the determinate factors in a great many cases.

In the Blue Cross program in Chicago, a similar situation applied. Patient pressure caused physicians to enter patients in hospitals, under trumped-up diagnoses, for diagnostic X-ray work that was not offered under the terms of the contract. The Chicago Blue Cross plan had to delete X-ray services from

most of its contracts, because the X-ray use was rapidly depleting its reserve. The physicians could not stand before the pressure of patients in that instance, and they will not in the workings of H. R. 7225.

It is not fair to ask them to assume such a difficult position.

I would appreciate it if these remarks are made a part of the record of the hearings.

Sincerely yours,

T. J. WACHOWSKI, M. D.

PHILADELPHIA, PA., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Will you include in the record of the hearings on bill H. R. 7225 my comments? I am a firm believer in social security, but I do not consider it right to have what is known as compulsory social security. Further study should be given to this measure, and in addition, the provisions of this bill should be taken out of politics.

Sincerely yours,

MOSES BEHREND, M. D.

DETROIT, MICH., *January 30, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that H. R. 7225 will come before your committee very shortly. I should like to take this opportunity to inform you of my opposition to this bill for the following reasons:

I feel a bill of this type is simply another attempt, by the Congress, to get into the house of socialized medicine through the back door, in spite of the fact that previous attempts to enact socialistic legislation have been vetoed by the majority of the voters of this country.

Also, I believe that the care of disabled persons, both medically and from the standpoint of financial assistance, is well able to be handled at a local level rather than having to depend upon the so-called big-brother philosophy from Washington, D. C. Our income taxes, as well as hidden taxes, that have to be paid into the Federal Treasury, are already overwhelming. The passage of H. R. 7225 would simply mean the creation of another Federal bureau to eat up more tax money. I think it is about time the American public starts standing on its own feet and stops depending upon mollycoddling from Federal bureaucrats.

I respectfully request that the contents of this letter be recorded in the Senate Finance Committee hearings on H. R. 7225.

Yours very truly,

LEE CARRICK, M. D.

BELLE PLAINE, MINN., *January 28, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: My reaction to H. R. 7225 is not in agreement with some of the features of this bill.

I believe it needs more study. It involves private physicians on certifying disabilities for the Federal Government and an election year is probably not the best time to enact such legislation.

I request that you include this in the record of the hearings.

Sincerely,

H. M. JUERGENS, M. D.

LAFAYETTE, CALIF., *January 27, 1956.*

Re H. R. 7225.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I would like to take this means of informing your committee that I am opposed to the passage of the above-mentioned bill, as being very unsound, unnecessary, and an excessive extension of an expensive socialistic measure.

I would appreciate having this opinion recorded in the records of your hearings.

Thank you for your indulgence.

Sincerely,

C. L. FEILER, M. D.

CHICAGO, ILL., *January 30, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: After careful perusal of H. R. 7225, I would like to register my disapproval. This bill is definitely inimicable to the best interests of the majority of citizens of our country.

As a physician and commanding officer of a United States Army Reserve medical unit I request that this disapproval be included in the record of your hearings on this bill.

Respectfully submitted.

EARL HERRON, M. D.,
Lieutenant Colonel, Medical Corps, United States Army Reserve.

BALTIMORE, MD., *January 31, 1956.*

Hon. HARRY F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: In view of the current hearings on H. R. 7225 by the Senate Finance Committee, I am impelled to write to you again concerning my position with regard to this bill.

I respectfully request that my statement, which is enclosed, be included in the record of the hearings on H. R. 7225.

With appreciation for your consideration, I am

Sincerely yours,

JOHN E. SAVAGE, M. D.

STATEMENT OF JOHN E. SAVAGE, M. D., BALTIMORE 2, MD.

As a citizen and a physician, I am deeply concerned about the far-reaching implications of H. R. 7225 because it would directly affect medical practice. I believe that passage of this bill as it is now written, would be a significant step in the direction of socialization of medicine because, among other objectionable features, of the provision to pay cash benefits to totally disabled persons 50 years of age and over who are covered by social security. Physicians under the control and in the pay of the Federal Government would give medical certification of disability and medical rehabilitation. Physicians would thus be subjected to constant pressure from many sources in behalf of persons seeking disability certification. I further believe that the cash handouts provided in this bill would surely hinder rather than promote rehabilitation, because successful rehabilitation would mean loss of cash benefits.

It is, therefore, my sincere and respectful request that an intensive and prolonged study of H. R. 7225 be made by the Senate Finance Committee before any action is taken, in view of the serious medical objections, and especially since no emergency situation demanding its immediate passage would seem to exist.

GREENVILLE, S. C., *January 30, 1956.*

Hon. HARRY F. BYRD,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: This letter is for the purpose of opposing the passage of H. R. 7225 and requesting that you include it in the records of your hearings. In my opinion, H. R. 7225 is detrimental to the best interests of the country for the following reasons:

1. It proposes an increase in taxation upon a citizenry which is already overtaxed.

2. The taxes are for what is called insurance, although it has been amply brought out in previous hearings that social-security benefits are not insurance, but are charity as has been recognized by the Federal Government which exempts social-security payments from the income tax. It is also plain that these benefits are not insurance since those who receive them no longer pay taxes. For all insurance benefits in the private-enterprise system the owner of the policy pays the premiums. In the social-security system of finance, premiums paid by workers today are used to pay benefits today to those who are no longer working, and when the time comes for present-day workers to receive their payments, these will have to come from workers of the future, since the payments made by present-day workers will have already been spent Moreover, in ordinary insurance the terms of the policy are set when the policy is written for a specified premium, and the benefits are plainly and irrevocably enumerated. In the case of social security, benefits can be increased or decreased by Congress at any time, and since those who receive the benefits are no longer paying social-security taxes it is obvious that this change is not related to the taxes which they did pay, but is entirely arbitrary. Moreover, insurance companies are required to provide reserves to meet their obligations. The social-security system is alleged to have incurred obligations of $300 billion. Of this amount, approximately $20 billion is represented by United States Government securities in the trust fund, and there is a revolving fund of $0.7 billion in cash. United States Government securities may be good collateral for a bank, or for an insurance company, but for the United States Government to take taxes received in cash and supposedly held in trust and then to replace these taxes by Government bonds while the cash is spent is utterly indefensible, morally or financially, since United States citizens who paid the first $20 billion in cash in taxes will have to pay it again in cash in taxes to redeem the bonds when cash is needed. For all the above reasons I believe that the social-security system is not insurance and it is not financially sound.

3. H. R. 7225 provides for the payment of benefits to persons over age 50 who are totally and permanently disabled and whose disability has been certified by a licensed physician. This physician shall be employed by the State department of public welfare and shall be paid with Federal funds. This proviso is objectionable for the following reasons:

(*a*) It provides for direct Federal payments to private physicians, thus bringing them under the control of the Federal Government.

(*b*) It will cause much malingering and invalidism and dishonesty as those wishing to be certified disabled search for doctors unethical enough to fulfill their wishes. The sad experience of insurance companies in accident cases is sufficient testimony as to the frailty of human nature.

(*c*) It will be most simple and logical for the Federal Government, having paid a physician to certify a person as disabled, to take the next step of employing the physician to treat the disability which he has certified to exist, which will be socialized medicine.

(*d*) The Secretary of HEW is authorized to overrule on his own authority any certificate of medical disability furnished by a physician, thus rendering medical certification a farce. It remains, however, a carefully planned device of the Socialists to destroy the private practice of medicine and replace it with Government medicine.

4. The Government of the United States has already undertaken to do more for the citizens of this country than is humanly possible. It is already $280 billion in debt. To any reasonable person it must be apparent that there is some limit to the size which Government can attain and still leave its citizens free. It must be apparent that the 165 million or so citizens of the United States possess more brain by weight than it is possible to concentrate in any government drawn from the said citizens whether its employees number 2 million, 5 million, or 10 million. For the Government to undertake to run the private lives of its citizens shows

both a contempt for the abilities of the said citizens and a blasphemous evaluation of the capabilities of a government composed of men. When the Government undertakes to and does regulate every item of a citizen's daily life, the citizen will either give up trying to care for himself or revolt, both of which possibilities are undesirable, and one of which will be inevitable if the present expansion of Federal activities continues. H. R. 7225 is a conspicuous example of such expansion.

Yours very truly,

THOMAS PARKER, M. D.

AUGUSTA, GA., *January 30, 1956.*

Senator HARRY F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to state my feelings on H. R. 7225 and would like them to be recorded for the hearings.

The bill is inimical to the welfare of the practitioner of medicine and it is our opinion that we should be protected like other minority groups and not abused.

Sincerely,

N. M. DEVAUGHN, M. D.

JACKSON CLINIC,
Madison, Wis., January 30, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing to you because I am very concerned over the proposed legislation, namely, H. R. 7225, which is to be heard by the Senate Finance Committee. This legislation includes certain measures which would lead to serious impairment in the physician-patient relationship, on which our successful system of medical care has been well established. The section I refer to is for Federal cash disability benefits to certain individuals under this old-age and survivors insurance section of the Social Security Act.

Senator Wiley commented in his letter to me that there are certain sections which are undoubtedly needed, such as lowering the eligibility of women. However, this entire bill must be carefully studied to avoid economic chaotic state, occurring perhaps several years in the future, but, nevertheless, leading to a very serious situation.

It is beyond my comprehension how this bill, as it is presently worded, could have been passed by the House of Representatives without hearings. I certainly urge that your committee spend sufficient time to determine what is the best for the American people in maintaining sound democratic government. May I further request that this letter be included in the record of the hearings.

Yours very truly,

ROBERT A. STRAUGHN, M. D.

LAKE REGION CLINIC,
Devils Lake, N. Dak., January 28, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Up to the present time we apparently have had a satisfactory functioning social-security system under the present laws. Now our legislators find themselves faced with the study of a new bill, H. R. 7225. Such a bill will make a major change in the present social-security laws, and I believe it is a great mistake to use any hurry-up technique in evaluating what this bill hopes to accomplish. Thus, I request that my sentiments be included in the record of the hearings.

Experience of our well-known insurance companies have demonstrated clearly that disability insurance cannot be issued safely except under severe restrictions, including adequate followup of beneficiaries. Safeguards of this sort are not provided for in this bill, nor is it possible to include such safeguards in a social-insurance program. Under such conditions workers would have every incentive to magnify their impairments in order to prove that they are sufficiently disabled to be eligible for disability payments. It would be almost impossible to prevent widespread abuse of the system.

I think before passing on this particular bill legislators should attempt to find answers to the following questions.

1. Why does this bill have to be rushed through without study of the year-old "benefit freeze" act?
2. What will the cash-for-disability plan cost?
3. How many will apply?
4. Will some disabled be more interested in pension checks than rehabilitation?
5. Is there any alternative?
6. Is this something the Federal Government has to do, or should State and local governments be given a chance?
7. Isn't this the foot in the door for a compulsory Federal medical-care program?

Knowing that you are one of our ablest Senators present in Congress, and also heading one of our most important committees, I am sure that prior to recommending acceptance of this particular bill you will have studied all other alternative avenues that might be more beneficial, insofar as the economy of the country is concerned. Also, under this present type of bill a physician would be placed in a most unenvious position. We know many of them try to be honest in all their evaluations, but circumstances may present themselves which would make it very difficult for them not to lean over backward in authorizing benefits where they probably should not be authorized.

Let us hope that your committee will use patience, foresight, and restraint in recommending the passage of this bill at this particular time.

Sincerely yours,

LOUIS F. PINE, M. D.,
Secretary, Devils Lake District Medical Society.

MCCOMB, MISS., *January 30, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to take this means of expressing my opposition to any extension of social-security benefits. The extension of disability benefits is particularly unpalatable to me, and I think to most physicians. Anyone who has been in private practice or in the service as a medical officer is familiar with the virtually impossible task of weeding out true from pretended disability. The cost of such disability payments would soon be astronomical.

I have recently noted a quotation by Secretary of Health, Education, and Welfare Folsom to the effect that there is a limit to the social-security taxes the people may be willing to pay. This limit has been reached as far as I am concerned.

I am confident that you and your comittee will give this legislation your closest attention and study. I request that a copy of this letter be included in the record of the hearings.

Respectfully,

W. T. MAYER, M. D.

LANCASTER, PA., *January 30, 1956.*

Re H. R. 7225

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: As a physician and a citizen, I am strongly opposed to H. R. 7225. It is an opening wedge to socialized medicine and will add a terrific tax burden. The pressure on the physician by those seeking disability certifications would be difficult to deal with. The law, if passed, would provide monthly payments without regard for the financial status of the patient and without regard for what is already being done for the disabled. The social-security law as it is now will cause a financial strain because it is estimated that by 1975 there will be 22 million citizens over the age of 65.

Kindly study the effects of such a bill, hold hearings, and include this request in the record of the hearings.

Sincerely,

J. H. ESBENSHADE.

TRENTON, N. J., *January 30, 1956.*

Hon. HARRY F. BYRD,
Senate Office Building,
Washington, D. C.,

DEAR SENATOR BYRD: Although a dyed-in-the-wool Republican, I have had a deep admiration for you, a person in politics, who has our country's finances at heart. I feel that you are and have our interest very keenly and that you have both feet firmly planted on the ground. I have never forgotten your good sense of humor, when you told that Senator who was going to sell apples, that you were vitally interested in apples. I sure had a good chuckle.

I understand that H. R. 7225 is now before the Finance Committee (Senate). It is my personal feeling that this proposed legislation is both unwise and unsound. I should like very much your close study of this bill, with more extensive consideration than was given to it in the House.

I hope, after a close and impartial study of the bill, that you will reject it, at least for the time being.

The whole problem should be thoroughly studied; then, if it appears to you that it should be passed, then, and not till then, O. K. it.

Sincerely,

R. G. BARRY.

P.S.—I hope this will be included in the record of the hearings.

MASON CITY, IOWA, *January 28, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Since hearings on H. R. 7225 are scheduled for about the present time by the Senate Finance Committee, I would like to inform the committee of my opinion of it and request that this be included in the record of the hearings.

I am concerned because of the manner in which this amendment was rushed through the House of Representatives and hope that such a hurry-up technique will not be followed by the Senate. In an effort to make this as brief as possible, I wish to point out my opinion that this amendment violates the American philosophy that the Federal Government should not be involved in welfare activities that can be handled either by the State or locally. If help along these lines is really necessary at this time, it would seem more wise to set it up as maintenance payments to a displaced person who is undergoing rehabilitation and thereby putting more emphasis on the desirability of rehabilitation rather than the desirability of disability. Furthermore, this appears to be an invitation for more amendments for further participation of the Federal Government in the practice of medicine with the result of complete state controlled medicine and finally complete socialization of the country.

Very truly yours,

J. S. WESTLY, M. D.

SANTA BARBARA, CALIF., *January 26, 1956.*

Senator HARRY F. BYRD,
Chairman Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I have not seen H. R. 7225 publicized in the press, but understand that it contains amendments to the Social Security Act; may I have a copy of the act which is to come before your committee.

Also I have been told that the bill was put through the House rather rapidly. This implies political motives.

I therefore urge that your committee take no action until the probable cost and the expected role of the medical profession have been explored and made available for study; and further, if it is proper, I request that my statement in this paragraph be inserted in the record of your hearings.

Yours truly,

HORACE GRAY, M. D.

BOULDER, COLO., *January 27, 1956.*

Senator HARRY F. BYRD,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I am writing regarding H. R. 7225 which will come before the Senate very soon.

This bill could have a very far-reaching effect and an unpredictable effect upon the financial structure of the social security system. The bill needs much more study before being passed. No emergency exists to justify haste. Cash handouts will hinder rehabilitation and may mean loss of cash benefits. Social security should be taken out of politics.

I shall appreciate having this letter included in the record of the hearings.

Yours very sincerely,

FRANK R. SPENCER.

THE KANKAKEE CLINIC,
Kankakee, Ill., January 24, 1956.

Re H. R. 7225

Hon. HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SIR: The above legislation is to be brought before the Senate Finance Committee (your committee) at the end of this month or early next month. As an individual and as a physician, I wish to express my disapproval in the manner in which this measure was railroaded through the House and brought up for your committee's approval or disapproval. It is my feeling that insufficient thought and work has gone into the far reaching implications of this second wedge to widen the scope of governmental agencies in the facets of medical care as involves recipients of social security. I firmly believe that social security is here to stay, but that when any change in the basic considerations are involved, they should be completely and well thought out as to what happens 20 or 50 years from now as relates to what we as citizens do now.

I appreciate your consideration.

Sincerely yours,

H. A. HARTMAN, M. D.

MINNEAPOLIS 2, MINN., *January 30, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: S. 2094, H. R. 7225, appear to provide for an extension of social security benefits, so that a disabled person can receive monthly payments from the Federal Government at age 50 instead of age 65, without regard to his financial condition.

Objections to this type of legislation are as follows:

1. The determination of disability would be difficult because at age 50, there are some age changes in many people.
2. The examination would take a great deal of time, and all Government medical fees are substandard.
3. At least $100 million would be added to the social security tax burden annually by such legislation as proposed here.
4. This proposed legislation would be another step into Government medicine, with all its attending evils.
5. Medical men would bear a double burden as physicians and as taxpayers.

I would respectfully ask that these above stated objections be included in the record of the hearings.

Cordially yours,

CLAUDE C. KENNEDY, M. D.

GRIDLEY, CALIF., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman of Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I have made a study of H. R. 7225 which deals with social security amendments.

I am not in favor of this bill. This bill grafts a cash disability benefit system onto social security. It would provide monthly payments to permanently and totally disabled persons who are over 50 years old. It would be paid regardless of the person's financial status.

It also stipulates a disabled person will not be eligible for cash benefits unless he accepts vocational rehabilitation. This will require medical services to make these decisions which will be paid for by the Government. With these provisions pressure would be placed on doctors and Government personnel to get placed on a disability roll to receive this pension. The cost of this program could become tremendous and only add a further burden on the already overburdened taxpayers. Also there isn't a real need for it at present.

I believe there is a limit to Government handouts and this bill has all the qualifications of another one.

Senator Byrd, would you please include this letter in the record of the hearing?

Thanking you in advance for your kind consideration in this matter, I remain

Sincerely yours,

PAUL E. BARTSCHI, M. D.

CINCINNATI, OHIO, *January 28, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: It seems strange that I, with the name of Zodikoff, should write to a Senator named Byrd, to complain that I think H. R. 7225 will lead not only to socialized medicine, but to socialism itself. I must conclude that socialism is what the proponents of H. R. 7225 really want.

I predict that if passed, disabilities mostly of a nebulous nature, will increase in gigantic numbers. These require that the Government enter the practice of medicine, taking with it in effect those physicians, employed by unions or otherwise, who will sign the certifications.

The cost of this added paternalism I can only guess to be fantastic, to be paid for through taxation of those who have the fortitude to work. For those without means genuinely disabled over 50, some other solution not leading to socialism should be worked out, though I do not think the Government should be responsible for what may eventually turn out to be womb-to-tomb protection.

I beg you, sir, to weigh the implications of this bill and use your influence to defeat it. If it goes through, this country is doomed to be another England or even Russia with their Bevans and Attlees and Marxes.

Will you please include this statement in the hearings which are about to begin?

Very sincerely yours,

RUDOLPH ZODIKOFF, M. D.

WILLARD, OHIO, *January 28, 1956.*

Senator H. F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I am writing you in regard to H. R. 7225 which was passed last year by the House of Representatives. This bill was rushed through committee without giving interested citizens any opportunity to present their views.

I am opposed to this bill because I think it is bad for our country.

I am a physician, and every week people ask me to certify nonexistent illness so that they may collect sick benefits, to which they are not entitled. At times the pressure used is embarrassing. Under H. R. 7225 there would be much greater pressure on the physician. Many people able to work would want his help in obtaining disability pensions.

This bill would cause a great increase in the national budget. The cost of administration, rehabilitation programs, and grants to disabled persons would be enormous.

This bill is another step down the road to socialism where the individual gives up his rights to determine his own course in life.

There has been a lot of talk on the part of the various legislators and Government officials about the desirability of cutting taxes and reducing Government spending. As far as I can see this is all talk and no action.

As a taxpayer I am sick and tired of paying the freight for the many parasites now riding on the Government gravy train.

I think it is about time that we cut out useless spending and luxury spending. It is time to reduce the national debt and not to saddle our children and grandchildren with more and more debt.

Let us get rid of some of these bureaucrats whose only interest in the welfare state is in expanding their own little empires.

Yours sincerely,

W. H. KAUFFMAN, M. D.

P. S.—Please include this letter in the records of the hearings on this matter.

W. H. K.

VOORHEESVILLE, N. Y., *January 30, 1956.*

DEAR SENATOR BYRD: My own experience as a physician with many years of State service leads me to dread the effect of H. R. 7225 on the quality of medical care for the disabled. Only good medical care has any value. I believe, too, that the bill would be surprisingly expensive and unsatisfactory to administer and I hope it can be held for thorough study of the problem. Regulations and regulated care will be harmful to many of the disabled as well as a wasteful way of dealing with the problem.

Let us deal with physical disability on the medical level and after receiving the best advice and special study we can muster rather than freeze it into social security.

Sincerely yours,

GILBERT DALLDORF, M. D.

P. S.—I would like to think this opinion were part of the record of the hearings of your committee and I would like to add a word of appreciation of your services in Government economy.

PHILADELPHIA, PA., *January 27, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: With regard to H. R. 7225, I hope that you will consider the opinion of a physician who has been practicing close to 30 years. It is my observation over this time that if people have health insurance, sickness insurance—anything of the kind except life insurance—sooner or later they want to use it. I have lost many patients who have come to me with the request that I fill out a certificate of illness so that they can take a winter vacation or do something else that would be preferable to work.

If disability insurance were to be enacted, I am sure that a tremendous amount of malingering and refusal of rehabilitation efforts would be encountered. It is my considered opinion, in view of human fallibility, that while the ideals expressed in the bill are surely worthy, its practicality is nil.

In order to prove this, may I suggest that its proponents consent to having pilot projects of the type they desire instituted in 2 or 3 industrial centers throughout the country and run over a period of not less than 10 years.

You, of course, are aware of the fact that all the life insurance companies have dropped their disability provisions because of the tremendously costly mistakes that were made, both on the part of the companies, the patients, and the physicians. The patient is really not in a difficult position. If his family doctor refuses to sign a blank certifying that he is disabled, he just changes doctors until he finds one whose morals are low enough and there never is any difficulty in getting a certificate for continued disability. The financial cost would be astronomical.

On the other hand, it might be possible to start in with clinically provable types of disability which are long lasting and catastrophic in nature. For example, pulmonary tuberculosis, severe mental disease, total blindness, or the various neurological disorders, such as multiple sclerosis, in which there is no or little possibility of restoration to complete health and earning power. A few years of experience with this sort of thing would help out those in greatest need of assistance and also give some figures on which to base an opinion concerning disabil-

ities in general. However, I distrust the latter with great keenness because of my close familiarity with human nature.

Is it too much to request that this be included in the record of the hearings?

Very truly yours,

DARIUS GRAY ORNSTON.

TROY, N. Y., *January 25, 1956.*

HON. HARRY F. BYRD,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I wish to voice my opposition to H. R. 7225, particularly as regards the provisions to pay cash benefits to disabled persons, etc., who are covered by social security.

This seems to me to be an insidious trend toward socialized medicine. I feel that everything should be done to avoid legislation along these lines. I realize that much improvement is necessary in medical care, but I feel that it is not proper to rush this very important legislation through in an election year. The subject requires much more study than has been given to it so far.

I would request that this communication be included in the record of the hearings.

My Senators, the Honorable Herbert Lehman, and the Honorable Irving M. Ives, have already been advised of my opinions on this bill.

Yours very truly,

ELIZABETH PALMER, M. D.

ELIZABETH 3, N. J., *January 30, 1956.*

HON. HARRY F. BYRD,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: May I not request that my objections to House Resolution 7225 be included in the record of the hearings before your committee.

As a beneficiary of old-age and survivors insurance, I do not want to see my benefits jeopardized by the additional burden of disability benefits, which are unpredictable. The proposed change would lead the scheme still further from the category of insurance against old age, which is predictable.

As a physician, I am opposed to any nationwide plan that would put the responsibility of certifying to permanent disability on the claimants' personal physicians. They would be under continual pressure to find permanent disability for life. Human nature being what it is, cash benefits often put a premium on the continuation of the very disability they are designed to relieve. The additional provision that a claimant would forfeit his benefits if he should refuse rehabilitation would only increase the difficulties of administration.

As a citizen, I am opposed to this constant encroachment of the Federal Government upon the jurisdiction of the several States. Up to now, unwise State laws have proved self-defeating; for, if necessary one could move to another State. But from oppressive Federal laws there is no escape, either for us or for future generations.

Respectfully,

McIVER WOODY, M. D.

MANTI, UTAH, *January 28, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I would like it known and would request that it be included in the record of the hearings on H. R. 7225 that I am unalterably opposed to this bill. I am against it both because of what provisions it contains and embodies, and also because of the great political pressure that would be brought to bear on us as physicians who examine the applicants, which pressure makes it practically impossible to render a fair judgment or to refuse compensation to anyone, regardless of the individual merits or demerits involved.

I would personally appreciate that your committee devote a great deal of study and consideration to the possible great damage that could result from

passage of H. R. 7225, and I surely would request that it not be "rushed" through the "hearings" of your committee or the Senate body itself, as it was in the House of Representatives.

I thank you cordially.

Sincerely yours,

H. J. DAVIDSON, M. D.

CHICAGO, ILL., *January 30, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: I do not see how the people of the United States of America can remain free and independent while they are becoming more and more dependent on the Federal Government for social security or how this republican federation of democratic States can persist when, through "matching appropriations," the Federal Government dictates how the States and localities which receive any Federal funds for a specific purpose, shall expend what has been collected for the State, county, or local taxing unit for the same purpose. Furthermore, the Federal Government has nothing to give the people except what it collects from them and never returns to them, all that it collects.

H. R. 7225 seems to me to be another of those measures directed toward the creation of a totalitarian state as it will make those under age 65 who are completely disabled, dependent on the Federal Government for social security. Determination of disability would involve certification by a physician supervised by State agencies.

It seems to me that the whole "social security" system should be carefully studied as if it becomes much more expensive, those between the ages of 16 and 65 will not be able to support themselves and provide for their children, the aged and those going to colleges and professional schools and provide enough to make certain that all, including the employees of the Government, are well fed, well housed, and well clad and have available the high quality of medical care that is now provided by the private physicians and surgeons of this country. When, as a result of the high costs of social security, more and more people are ill fed, ill housed, and ill clad, more of them will be ill and the socialistically inclined pressure groups and the do-gooders will have succeeded in getting medical care included.

Then will follow a deterioration in the quality of medical service such as has followed the passing of compulsory State medical care legislation in various European countries. Because those who are ill fed, ill housed, and ill clad and sick will receive inferior medical service, the people will not live so long and the old-age benefits will not bankrupt the people and the Nation.

I hope that H. R. 7225 will not be enacted into law in its present form at this session of the Congress. Will you be so kind as to include this statement in the record of the hearings on this bill.

Sincerely yours,

N. S. DAVIS, M. D.

POQUONOCK, CONN., *January 29, 1956.*

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I understand that H. R. 7225 is scheduled for hearings now or in the immediate future.

This note is to let you know that I have heard nothing but opposition to it during discussions with fellow physicians at great length for the past several months. This bill is just another manifestation of creeping socialism in our country; another votegetting public delusion, aimed at the hordes of freeloaders, human leeches, and people who are looking for something for nothing. There are enough of these people as a natural result of the already existent Federal welfare agencies so that this bill is a to-be-considered votegetter.

The practitioner of medicine will be the man to supply the burden of the proof of physical incapacity. The busy doctor will be flooded with more than his present overburdening load of ever-present malingerers and young people of 65 who decide they will no longer work, and instead let older men, like yourself and my father, continue to kill themselves in order that these ne'er-do-wells can live off the fat of the land. They will come clamoring in hordes to have the

physicians show proof that the normal amount of arteriosclerosis present at that age, and the to-be-expected amount of arthritis are disabling and entitle them to greater benefits. Who is to say that a man's back does not ache if the man says it does?

This bill, if passed, will be just one more wedge between the physician and his freedom to practice medicine without Government control. Already the physician's "time off" is consumed with filling out insurance forms designed by nonmedical insurance people, ridiculous in the many stupid data required in their execution. How much worse this will be if there are further forms, dreamed up by politicians. There will be so much time necessarily devoted to paperwork that there will be no time for treating patients. There are very few physicians who will be altruistic enough to be able to delude themselves into thinking that they are of service to the people practicing as their confreres in England are. Hence, continued legislation in this direction will probably result in widespread resignation from the practice of medicine.

Rotten as the graft in this Government is, and multitudinous as one's complaints against it can be, it is still the greatest government in the world, and it simply must stay that way. Any step in the wrong direction absolutely must be stopped.

Already there is too much draining of all individual resources. No man minds helping to support the unfortunate person who is genuinely handicapped and unable to provide for himself. What everyone should object to is being forced to support those who do not want to work, and have no intention of trying to provide for themselves as they know that the Government will provide for them. The system of government that taxes a man so for his efforts robs him of all incentive to become a success.

One finds himself looking for ways to keep the income as small as possible, giving away as much of his services as he can logically, in order not to suffer a larger personal and family hardship at income tax time, and in order not to contribute too greatly to the support of the ever-present freeloaders in this welfare state of ours.

H. R. 7225, if it ever came into being, would pyramid the tax load astronomically. Social-security income to the Federal Government naturally goes into the general fund, and is the income-tax receipts from the salaried people. Increased social-security funds made available to the eligible would come out of the general fund, and just necessitate larger income-tax payments, by the public. As indicated above, it is probable that this increased benefit thing would be subject to widespread abuse throughout the Nation, and result in nothing but more grief to all taxpayers in the long run, as it is bound to increase the burden.

Hoping that you will do everything in your power to see that this bill is defeated, I remain,

Very sincerely yours,

WILLIAM H. POMEROY, M. D.

P. S.—It is my request that the foregoing letter be included in the record of the hearings.

LE MARS CLINIC,
Le Mars, Iowa, January 28, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: In 1949, I heard Senator Thomas Martin, of Iowa, then a member of the House Ways and Means Committee, discuss the OASI system. I have been deeply interested in the social security system since that time and have given it a great deal of study.

The amendments adopted since that date have caused me additional concern. The 1954 amendment is just now being put in effect. Only recently, I had two patients in the middle fifties ask me to certify that they were disabled so as to "freeze" their benefits. Actually I feel they could be employed and it is a difficult problem for both the doctor and the patient. A few years of experience will be necessary before the workability, cost, etc., of the amendment will be known.

The 1955 amendment H. R. 7225 has many implications and should have very careful study. The age of retirement for women being lowered to 62 is of doubtful merit when the average age of retirement is 67 years. The lowering of the age of permanent and total disability to 50 could be a very expensive matter, and the cost can hardly be estimated. Our life insurance companies a few years ago had a disastrous experience when they attempted to insure policyholders against total and permanent disability.

Also the question of total and permanent disability confronts the physician who has to make such certification. What is permanent and total disability? How is the physician to determine it? What will the effect be on the Federal and State rehabilitation programs?

The Federal OASI system is here to say, so let's make it a "sound system" which can deliver what it promises without upsetting the entire tax system and economy of the country. I suggest that Congress appoint an impartial committee of experts to make an exhaustive study of the entire OASI system and that this committee submit their recommendations to Congress for further study and consideration. In the meantime, let's not add more amendments which will only compound the problems.

I would appreciate it if this could be included in the records of the hearings. Thanking you for your consideration, I am,

Very truly,

W. L. DOWNING, M. D.

CAMBRIDGE, MASS., *January 30, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to record my opposition to the bill H. R. 7225 which has already passed the House and will soon be considered by your committee, and I desire that this letter be included in the record of the hearings.

I oppose this bill because it proposed to take permanent and total disability benefits out of public assistance and put them with old-age and survivors' insurance, where they would not require a statement as to the personal income of the beneficiary. Determination of each permanent and total disability will be determined by physicians, and when the benefits become a matter of right rather than need there is apt to be malingering. The Federal Government will naturally try to rehabilitate such beneficiaries, and this will require medical treatment in the course of which physicians will be working for the Government. Once this has begun it will not be long before the Government will be paying for medical care during periods of temporary total disability which will be the entering wedge for the establishment of compulsory health insurance, to which I am strongly opposed. At the present time the Federal Government is practicing socialized medicine in hospitalizing veterans with non-service-connected diseases who are fully able financially to pay for their treatment and also their dependents. I am fully in accord with such treatment of veterans who are indigent.

Very sincerely,

W. STEWART WHITTEMORE, M. D.

WEYMOUTH HEIGHTS, MASS., *February 1, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to register my objection to bill H. R. 7225 in its present form (re: proposed social security amendments).

There are many problems of old-age and medical and hospital care and disability pesions that require consideration and cannot be shelved indefinitely—but they should be studied by an impartial commission of various lay and medical representatives and recommendations made to the Congress.

Please include this letter in the record of the hearings.

Sincerely yours,

ALEXANDER YOUNG, M. D.

HARTFORD 14, CONN., *February 3, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Please include the following statement in the record of the Senate Finance Committee hearings on H. R. 7225.

My reaction to H. R. 7225 is unfavorable. This bill would put a premium on ill health and the individuals involved would demand that their own doctor

or some other doctor state that they were disavbled in order to collect benefits from the bill. It is putting the Federal Government into private medicine. It would place the private physician in a position of either deciding that his patient was disabled and in line for benefits or losing his patient to another doctor with a less critical viewpoint. The formation of Government-controlled rehabilitation centers would put the Government into medicine in a very large way and is very undesirable. The age limit for benefits and rehabilitation can easily be lowered on H. R. 7225, and soon a full program of Federal medicine and great expense would be upon us.

It would be cumbersome and expensive to administrate. Another horde of Government workers would be needed to administrate the thing and direct both patient and doctor through a new obscure redtape jungle. Another example of a dollar sent to Washington coming back a dime.

The VA has found that psychiatric rehabilitation is impossible when a veteran is in a better financial situation with a mental problem than without one. From my work as a dermatologist in compensation cases, I can truthfully state that many dermatitis cases continue indefinitely as long as the worker has something to gain financially from his illness. It is doubtful that a worker is going to be very successfully rehabilitated under H. R. 7225 when he is being paid to remain disabled.

Sincerely yours,

CLEVELAND R. DENTON, M. D.

PORT CLINTON, OHIO, *February 2, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: May I take this opportunity to voice my concern over the proposed social-security amendments, H. R. 7225?

Hearings are now being conducted by the Senate Finance Committee under your direction, and I am anxious to register my opinion with the committee. I am enclosing a summary of my feelings on the bill to be included in the record of these hearings, with your permission.

Thank you very much for your consideration.

Very truly yours,

PATRICK HUGHES, M. D.

STATEMENT BY DR. PATRICK HUGHES ON H. R. 7225

I am not in favor of H. R. 7225 because—

1. The giveaway character of the amendment creeps a step closer to socialism and eventual Government medicine.
2. I will be under constant pressure from friends and patients to certify alleged disability.
3. Cash handouts will make disability appear lucrative to malingerers, exaggerators, and deadbeats.
4. The progressively increasing costs will eventually have to be saddled by our children.
5. More study is needed. There is no emergency need for legislation.

OKLAHOMA CITY, OKLA., *February 3, 1956.*

Hon. HARRY FLOOD BYRD,
United States Senate, Washington, D. C.:

Since we do not have an immediate poll of our members I am reasonably sure that our sentiments would be in favor of OASI on a voluntary basis. Therefore, we wish to support the action of the house of delegates of the American Dental Association urging that a system of voluntary coverage of self-employed dentists be included in the bill when it is reported out by the committee.

DR. DOUGLAS L. RIPPETO,
President, Oklahoma State Dental Association.

MAGEE, MISS., *February 1, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing to you at this time concerning H. R. 7225, a bill scheduled to come before your committee for hearings in the very near future.

I would like to go on record as being unalterably opposed to this bill as it now stands. I feel that passage of this bill in its present form would be of untold detriment to the future economy and welfare of our country and its citizens.

Copies of this letter are being forwarded to your fellow Senators, Senator Eastland and Senator Stennis, of Mississippi. It will be greatly appreciated if the above statement of my opposition to H. R. 7225 be included in the record of the hearings by your committee.

Thank you very much for your courtesy.

Yours truly,

EARL T. LEWIS, M. D.

ASHTABULA, OHIO, *February 1, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: We doctors are very much interested in the defeat of bill H. R. 7225.

Your admirable record speaks for itself. We feel that the American people are very fortunate to have such a splendid man serve us. I have written to our President, and to Senators Bricker and Bender for their support. I have been assured that they will do what they think best for our people. I am sure that you will do the same.

I am requesting that my wishes be included in the records of the hearings.

If I can ever personally be of any service to you, I shall deem it a privilege to give my aid to a man of your character, who has a name that means so much to we Americans.

Sincerely yours,

O. J. LIGHTHIZER, M. D.

FRESNO 21, CALIF., *January 30, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building.

MY DEAR SENATOR BYRD: I understand that your committee is shortly to consider H. R. 7225. Incorporated in this bill is a provision for disability of persons over the age of 50.

We have been engaged in disability evaluation for many years, and find it a most difficult quantity to assess. If a financial award is available for being disabled, it has been found that an alarmingly large proportion of persons would sooner not work and have a lower income than exert themselves for a greater one. The patient's mental attitude is of tremendous importance as to whether he wants to work or not. Incorporating such a measure would seem to be another Federal giveaway program.

I would appreciate your including this letter in the record of the hearings.

Yours very truly,

R. A. DONALD, M. D.

BRONX 46, N. Y., *January 31, 1956.*

Re H. R. 7225.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: After a great deal of thought about the above proposed legislation, I would like to give you some of the reasons that lead me to the conclusion that H. R. 7225 would be harmful to those that we wish to assist and to all of us. I am a general practitioner, a family doctor, visited by those in my neighborhood who call upon me to aid them in physical and mental dis-

tress. It is my work to give them encouragement, moral support, and medical care, and to get them on their feet and back to useful activity.

H. R. 7225 would destroy the chief incentive and motivation that is now rehabilitating so many; namely, the desire to be financially independent or to contribute to the support of the family. This measure would actually offer a reward for disability. The modern findings that I have seen borne out over and over again show that to maintain health in the elderly years a person should not retire, but must have some obligatory role which forces him to be active. Only a job can fulfill this function. There are many medical reasons that make activity essential, even though in the very elderly it may be for fewer hours.

Moreover, in a situation where a doctor's signature is required in order to make a person eligible to receive money, the family doctor is placed in an unenviable position. Those who come to us with subjective complaints, such as headache, dizziness, weakness, backache, and many others, look to us for sympathy and understanding, and even though we can in many instances find no physical cause for the complaints, the least we can do is to believe that the patient does have the disability. Please, let us practice medicine and help people in their illnesses. Do not make us assume the role of judge as to the veracity or eligibility of a patient.

In fact H. R. 7225 can be taken advantage of by so many borderline cases that people will begin to doubt those that are truly disabled and throw all into one unsavory category. This could lead to actual cruelty and neglect of the crippled through such a change in attitude.

I would appreciate your entering my conclusions in the record of the hearings and thank you for your indulgence.

Very truly yours,

GEORGE B. TICKTIN, M. D.

MILWAUKEE 2, WIS., *February 1, 1956.*

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: This letter is in regard to bill H. R. 7225. It is my opinion that a complete study of this bill is indicated. I am opposed to any provision which will interfere with the private practice of medicine. Also, I oppose any provision which will allow further governmental dominance over the private lives of individuals. It is my belief that private insurance companies operating under good business supervision are superior to the governmental-dominated social security system.

I ask that this letter be included in the record of the hearings.

Yours very truly,

P. B. O'NEILL, M. D.

ELBERTON, GA., *February 1, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to ask your consideration of the inherent danger found in H. R. 7225.

It is my considered opinion that this is a backdoor approach to socialized medicine.

I would appreciate it very much if you will include this request in the record of the hearings.

Respectfully yours,

CAREY A. MICKEL, Jr., M. D.

ATLANTA 3, GA., *January 31, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Please include this letter in your record of hearings on the bill H. R. 7225.

I am opposed to this bill for the following reasons:

1. Statistically and actuarially it is impossible at present to determine accurate rates on this type of insurance. No one can determine what the passage of this bill will do to our present social-security structure or to taxes.

2. No one can determine what part the mentality, temperament, and other added emotional factors of human beings will play in the production of the disability to be determined.

3. To place people on the rolls of the disabled, pressure from individuals, from families, and from organizations will be brought to bear on local and national politicians and on Government officials.

4. If the proposals of this bill are carried out, the Government must enter the medical picture in determining who is disabled and who refuses rehabilitation.

Yours truly,

HAL M. DAVISON, M. D.

SAN FRANCISCO 8, CALIF., *February 1, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am opposed to the passage of H. R. 7225, which would add a cash disability benefit system on to social security. The payment of benefits to permanently and totally disabled persons over 50 covered by social security regardless of the recipient's financial status is contrary to the American way of life and would place an unnecessary burden on our taxpayers.

I am against governmental regulation of physicians rendering medical services to disabled social-security patients.

I condemn the unsavory pressure that would undoubtedly be placed upon physicians by those interested in seeking disability certification.

Please include this communication in the records on the hearing of H. R. 7225.

Sincerely yours,

CHARLES PIERRE MATHÉ, M. D.

STEPHENVILLE, TEX., *January 31, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I would like to register my opposition to H. R. 7225 and solicit your consideration of these points which I shall outline below. While the American Medical Association has registered the following objections which are hard to improve upon—

1. This bill would have a far-reaching impact on the practice of medicine and unpredictable financial effect on the social-security system.

2. This legislation needs far more study before any action is taken.

3. No crisis exists to warrant immediate passage.

4. Cash handouts would hinder rather than promote rehabilitation, because successful rehabilitation would mean loss of the cash benefit.

5. Social security should be taken out of politics.

I would like to add my objection that the expense of 4½ percent from the employee and 4½ percent from the employer, as the deduction would be later, is a tremendous item. Under an expanding social security, the benefits can be paid, but when it can be expanded no more, I am not sure that the benefits can be paid. I wonder if our children may not be disgruntled that they cannot keep this 9 percent to provide for their own security. It is unbelievable that the Government can do more for us than we can do for ourselves except by overtaxing us to the extent we are unable to do for ourselves.

I shall apreciate it if you would please have this included in the record of the hearing on H. R. 7225.

Sincerely,

J. C. TERRELL, M. D.

WALPOLE, N. H., *January 31, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SIR: As a member of the medical profession, I am quite naturally vitally interested in the legislation embodied in H. R. 7225, which is scheduled to come before your committee soon.

It is certainly my desire as it is indeed, I'm sure, that of the majority of the members of my profession, to see progress made in those things pertaining

to the health and welfare of the American people. But, on the other hand, it does not seem reasonable that the Congress should draft into law legislation which only on the surface betters the lot of the average citizen.

In my opinion, H. R. 7225 is a classic example of poorly conceived, though no doubt sincerely motivated, legislation which, although worthy of some commendation, harbors an evil far greater in the final analysis than any good which can come of the law, should it be enacted.

There can be no doubt that much more can be done to improve the lot of the average American insofar as his medical care is concerned, but I do sincerely believe that significant strides have been made and will continue to be made in the direction of achieving this end through private means.

I sincerely urge you, sir, to return to the Senate a recommendation that H. R. 7225 be tabled and subjected to far more careful scrutiny, enlisting the aid of interested outside parties, who are in a position to fully appreciate the long-range needs of the American people insofar as their medical services are concerned. American medicine and the American public have thrived on the free-enterprise system of care as has our entire way of life.

I respectfully request that this letter be made a part of the records of the committee hearing.

Very truly yours,

WALTER W. BUTTRICK, Jr., M. D.

SALEM, OREG., *January 31, 1956.*

DEAR SENATOR BYRD: As an individual physician I do not have the privilege of appearing at the public hearing on H. R. 7225 so I am writing this in the hope it may become a part of the record.

I am opposed to this bill for many reasons, but principally because it will make rehabilitation of the disabled more difficult and because it constitutes a dangerous tendency to try and alleviate suffering by generalized mass legislation.

Disability is a terrible thing for the individual man or woman. Each case needs individualized study and help. Oure present State and Federal programs of rehabilitation need enlarging and improving. H. R. 7225 will work against the disabled individual by providing no individual help and no strong pressure toward recovery.

Thank you for your kind consideration of my opinions.

Very truly yours.

W. W. BAUM, M. D.

DEVILS LAKE, N. DAK., *January 31, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to submit my personal opinion on H. R. 7225, with the kind request that this opinion be included in the record of the hearings of your committee on this bill.

I am a practicing physician in a small clinic group, in a small town in North Dakota. My opinion is that of a physician as well as that of a citizen. I feel that this bill is not only an extravagant gallop deeper into socialism, but that it will individually encourage potentially millions of people, including many physicians, to press for and receive unjustified handouts under the sanction of the law of our land. I do not feel that the Congress should pass any such law which practically forces politics into medicine; and by its loose spirit and letter invites people, already hard pressed by high taxes, to get some of it back by alleging disability. Even a good man can gradually become highly symptomatic and unproductive when compensation and an easy chair are so legally inviting.

Should we embark on an experiment that can destroy the basic purposes of social security, undermine its financial soundness; encourage citizens to lose perspective, individuality, and initiative; and embroil physicians in an endless, time-consuming, politically inspired scramble for the "greenback" rockingchair?

I can see little good in H. R. 7225, and much harm.

Respectfully your,

E. P. BRYANT, M. D.

PHOENIX, ARIZ., *January 29, 1956.*

Re: H. R. 7225.

SENATE FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: The Social Security Act has already lead our people a long way down the road of socialism. Further liberalization of this act, specifically by passage of H. R. 7225, must be prevented at any cost. The Social Security Act and H. R. 7225 are wrong on many counts:

1. They operate under communistic compulsion—the only way they can function.
2. Under compusion they extract exorbitant taxes, with no limit, in return for so-called benefits which are not guaranteed.
3. They are actuarially unsound because the compulsorily collected taxes have no relationship to so-called benefits; the amount of forced collections falls billions of dollars short of financing the payment of benefits.
4. Their continued actuarially unsound operation will require the taxing of our children and their children to pay cash gratuities to old and disabled people of our generation.
5. They attack and destroy the moral fiber of the individual and the Nation.
6. They kill initiative and the self-respect of citizens who are better able to provide their own security than an incompetent bureaucracy functioning in a Government almost $300 billion in debt.
7. They are a certain route to socialized medicine and overall socialism.
8. The 1955 amendments to H. R. 7225 would require physicians to practice socialized medicine because medical certification of disability and medical rehabilitation would be done by doctors under control and pay of the Federal Government.
9. Doctors would face the horrible prospect of probable pressure from families, friends, ward politicians, and even Congressmen, to certify a man as disabled.
10. Cash payments to the disabled would encourage malingering and obstruct rehabilitation.

I request that this statement be included in the record of the hearings on H. R. 7225.

Very truly yours,

WALTER V. EDWARDS, M. D.

ALTOONA, PA., *February 1, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I wish to take this opportunity of writing you my reaction to bill H. R. 7225.

It is a well-established fact that the private practice of medicine has placed the United States on a plane far above that of any nation in the world. Medical science has now reached the place far above the fondest expectations of any practitioner of medicine.

It is my candid belief that bill H. R. 7225 is the first step toward socialized medicine, and the lowering of the fine standards of medicine and public health.

I am asking you as a great Senator from a great State that has led the way in liberty, freedom, and independence, to not only vote but to use your influence against the passage of this bill.

Please include this letter in the record of the hearings.

Sincerely yours,

S. D. BOUCHER, M. D.

SAN FRANCISCO, CALIF., *February 1, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: This is to express my anxiety in connection with the proposed amendment to the Social Security Act, H. R. 7225. It would appear that an amendment of this kind which could have such a far-reaching impact on the medical care of the disabled and an unpredictable financial effect on the social security system, should be very carefully studied before any action is taken. As a practicing physician and as one who formerly has had service in the Govern-

ment, I sincerely recommend that this matter be thoroughly reviewed by all parties concerned.

It is requested that this letter be included in the record of the hearings.

Respectfully,

EARL L. WHITE, M. D.

LITTLE ROCK, ARK., *February 2, 1956.*

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I wish to register my protest against H. R. 7225, and ask that more study be given this legislation before any action is taken.

Should this legislation go into effect, tremendous pressure would be brought to bear upon all physicians by various groups. I believe, too, that rehabilitation would be hindered by cash handouts. I would like to ask that my objection be included in the record of the hearing.

Very truly yours,

JULIAN L. FOSTER, M. D.

LAKE CHARLES, LA., *February 3, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: It has been called to my attention that hearings on H. R. 7225 are currently being conducted before your committee, and I request that this letter be included in the record of the hearings.

I am sure that it is not new for you to receive a letter opposing this legislative bill as it now stands. There are certainly two sides to this question, but I believe that you and the other able members of your committee will make a decision which favors the majority of people and the principles and practices of our Government. This bill, as it now is written, requires us physicians to practice a type of socialized medicine in that medical certification of disability and medical rehabilitation would be done by doctors under control of and paid by the Federal Government. As the bill now stands, I would like to express my opposition to such legislation in hopes that it can be adjusted accordingly as inroads into the politicalization and socialization of medical practice can only lead to distress, disharmony, and a state not in keeping with the great heritage of private enterprise and the private practice of medicine left to us by our forebears.

I hope you will take every effort to see that H. R. 7225 will not become law.

Sincerely yours,

GERALD N. WEISS, M. D.,
Fellow American College of Surgeons,
Fellow International College of Surgeons.

HUNTINGTON, N. Y., *Februrary 6, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Please include in the record of hearings on S. 2094, H. R. 7225, my objections to this legislation as follows:

1. Private insurance plans are available at modest cost which protect against permanent disability. Many States, cities, labor unions, and corporation health plans now provide such benefits, so there is no need for the Federal Government to establish such a program.

2. Informed persons have repeatedly criticized the social security program as not having a sound actuarial basis as it is. There will be an added and unnecessary strain on the present scheme if this legislation is enacted.

3. Pronouncing a person to be completely and permanently disabled will seriously handicap rehabilitation efforts to restore disabled persons to useful and productive existence. It has been amply shown that a pension is the best way to take away incentive to rehabilitation. This would be a backward rather than constructive step in social progress.

4. This legislation would certainly be subject to wrongdoing by corrupt persons eager to collect money from the Government, but having little or no true disability. Such has been the experience of State and city pension plans, veterans' disability benefits, and other programs in spite of the fact that so-called adequate safeguards have been written into the law.

Very truly yours,

CHARLES A. WERNER, M. D.

TWIN FALLS, IDAHO, *February 3, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am unalterably opposed to the passing of H. R. 7225.

First, because I am opposed to cash handouts. In this case, I believe that this would be a deterrent to any effort made by the recipient, toward rehabilitation.

Second, it looks very much like another steppingstone toward Government medicine.

Please include the above, my reactions to H. R. 7225, in the record of the hearings on this bill.

Very truly yours,

HARWOOD L. STOWE, M. D.

NASHVILLE, TENN., *February 6, 1956.*

Hon. HARRY F. BYRD,
Senate Office Building, Washington, D. C.:

We wish to restate our position regarding H. R. 7225 now before Finance Committee. We are willing for social security coverage to be offered to the dental profession on a voluntary basis, but our 1,000 members are 5 to 1 against compulsory inclusion of dentists under OASI. Your consideration and efforts in behalf of this viewpoint will be most appreciated.

RUSSELL L. MOORE, D. D. S.
President, Tennessee State Dental Association.

CORSICANA, TEX., *February 4, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: May I take a few minutes of your valuable time to add my objection to those already received to H. R. 7225. I trust that the resolution has not been referred out of committee as yet. Day by day we move nearer and nearer a socialistic state through such measures as H. R. 7225. There is no doubt that the entire social security system needs revision, but not in the direction of H. R. 7225 which would require medical services rendered at Federal expense in order to determine disability and to supervise rehabilitation.

These measures would inevitably lead to further Federal interference with medical care for the people of our country. Ours are the best cared for medically of the world's people under the private system. Any further Federal interference would tend to lower that standard of medical care.

May I respectfully request that this note be included in the record of the hearings of your committee.

Very truly yours,

C. L. GARY, Jr., M. D.

ABILENE, TEX., *January 31, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

HONORABLE SIR: This letter is intended as a statement of my opposition to H. R. 7225 and to request that this be included in the record of hearings. This bill, as it was steam rollered through the House, without public hearing, is one of the most vicious socialistic bills that has been propagated into the records of our country.

Social security as such is financially unsound, and adding millions of other people to the giveaway program will simply put it further in debt. It will create almost immediately the need for $5 to $6 billion of social-security taxes, and with the present population increase in the older age bracket, within 15 to 20 years there will be a need for $20 to $30 billion social-security taxation. This will gradually mushroom to engulf the financial resources of the country and place it purely on a socialistic basis.

You are respectfully requested to do all in your power to see that this problem is given a genuine study before any action is taken. Please look at it as a red-blooded American, in view of your responsibilities to the Constitution of the United States and not in acordance with the desires of the ILO or other Socialists. This request is respectfully submitted.

Very sincerely yours,

TRAVIS SMITH, M. D.

ST. CHARLES, MINN., *February 2, 1956.*

Re H. R. 7225.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: Will you please include this statement of my reaction to H. R. 7225 in the record of the hearings?

Insurance cases involving temporary and permanent disability cause great difficulty in the practice of medicine. Unfortunately, too many individuals expect a free handout. For individuals over 50 years of age, as proposed in H. R. 7225, the permanent and temporary disability clauses would be panacea.

I believe people should make their own arrangements for health and accident disability if not for their retirement.

Please consider, also, that this proposed change would obviously increase taxes.

Very truly yours,

PAT ROLLINS, M. D.

ST. JOSEPH, MO., *February 3, 1956.*

Senator HARRY F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Several weeks ago I wrote you concerning H. R. 7225.

As this is my reaction to the proposed legislation, I am requesting that, if possible, you include it in the record of the hearing as my own personal, definite opposition to this proposed legislation.

Sincerely yours,

THOMPSON E. POTTER, M. D.

CAPE GIRARDEAU, MO., *February 2, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that the Finance Committee is having hearings on H. R. 7225. I further understand that this resolution would involve the certification by physicians of total disability regardless of one's financial status in order that he may be eligible for social-security payments at age 50. I need not dwell upon the obvious errors that can be made in such certification. It is a well-recognized fact, and I think you will agree that the Veterans' Administration is bogged down and overburdened with veterans with so-called disability simply on certification.

In my own mind, I cannot see how anyone would countenance such legal action that would obviously "hogtie" unborn generations with the frivolity of the present one. Please, let's be sensible and let each generation take care of itself.

We are not ready for a communal type of life.

With your leave, I should like this statement included in the records of the hearing.

Very sincerly yours,

JOHN T. CROWE, M. D.

DAYTON, OHIO, *February 6, 1956.*

Hon. HARRY S. BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR: May I urge your most serious consideration of the bill H. R. 7225. It is my considered opinion and also that of most of my colleagues that this bill is inimical to the welfare of our country. First, it is being precipitously pushed. Of course, it passed the House last summer, most unfortunately. Its cost is incalculable. It will stultify rehabilitation measures for the disabled. It is not within the province of the Federal Government. It will surely become a political football. It will speed, if not precipitate, the socialization of American medicine. Alternative measures have not received sufficient consideration. Before this bill is considered by the Senate, the implications of the recent benefit freeze act should be long and seriously investigated. This bill would materially add to the tax burden of the American people. Again may I urge your most serious study of this extremely controversial bill which, as you can see, I thoroughly believe is not for the best interest of the American people.

Sincerely,

E. F. CONLOGUE, M. D.,
Medical Superintendent.

APPLETON, WIS., *February 1, 1956.*

Hon. Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing to express opposition to H. R. 7225. I believe the bill is highly unsound and would increase the liability of social security beyond all good reason. Furthermore, I believe that it is a large step toward socialized medicine, and as such, should be opposed by every loyal American.

In view of the way that this bill was "railroaded" through the House, it is my hope that it will be held in committee in the Senate until a thorough study has been made into the Social Security Act, its operations, its costs, its future commitments, and its actuarial soundness.

Further, I would like to request that my objections be included in the record of the hearings.

Sincerely yours,

PAUL M. CUNNINGHAM, M. D.

CHARLESTOWN 1, W. VA., *February 6, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I have been informed that hearings are scheduled at about this time on H. R. 7225 by the Senate Finance Committee.

My statement concerning my reaction to H. R. 7225 is that I agree with the principles set forth by the American Medical Association in this matter.

Hoping that this has not reached you too late for this to be included in the hearing record, I am,

Sincerely,

ALFRED J. MAGEE, M. D.

OMAHA, NEBR., *January 31, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that there are soon to be hearings on H. R. 7225 before your committee, and I wish at this time to voice my opinion as vigorously as I can by letter regarding this bill.

As I understand it, this is another addition to the Social Security Act which seems to get bigger and bigger and more complicated each succeeding session of Congress as more and more benefits are added. Of course, the inevitable will happen and that is that the tax premiums will have to get larger and larger in order to pay out the benefits, because, as I understand it, the Federal Government has no source of income except by taxing its citizens.

As I understand it, this bill reduces the age for benefits to women from 65 to 62 years and adds a provision for cash total disability payments to anyone aged 50 or above who is covered by the Social Security Act. This seems to me to be very objectionable for many reasons, and I will try to enumerate a few of these as I see them from the viewpoint of the physician who is in the private practice of medicine. To identify myself just a little, I will say that I am now 40 years of age and am engaged in the practice of diagnosis and internal medicine in Omaha, Nebr., where I have been for these last 9 years since my return from military service. I have a busy practice of the family type in a community of approximately 300,000 population. I am on the senior staff of the three leading private hospitals in this city and an active member of the usual medical organizations with which you are no doubt familiar.

The first objection that I have to the Federal Government paying cash disability benefits to disabled persons is that it makes all of us out here in the country too dependent upon the bureaucratic machinery in the far-off Capital. This has all the standard objections including those of increasing the amount of red tape, causing a delay in time factors between the onset of aid and the distribution of money or services, and inevitably increasing the tax burden on the other persons who must work to support not only the disabled person but all these intermediate people who are keeping books on him. I agree with all good Christians that the people who have a bona fide total disability and cannot support themselves should be taken care of, and I believe they are being taken care of adequately and properly at the local level, and I believe that this situation should be handled right in the community where the need exists.

Secondly, if a person is going to be totally disabled, someone is going to have to certify that this is indeed the case. That means that some physician is going to have to go on the line as saying that a certain person has a total disability. I am sure you realize, as I do, that it is very difficult to say in many cases whether a person in the older age group is totally disabled or not. Often it is quite obvious, of course, but more often than not the entire thing hinges upon subjective symptoms stated by the patient. If a patient says that he is tired, nervous, has headaches or backaches or indigestion or something else of that nature and we are unable to find any objective signs of a definite disease, it becomes entirely a matter of opinion and a matter of evaluation of the patient's and the doctor's personality as to whether he or she is really permanently and totally disabled. In my experience in accident cases and illness cases, too, where there have been insurance companies on the risk and where there have been lawyers in the picture, it is surprising how much disability a patient has and how it may persist over a period of weeks and months until finally some sort of settlement is made, and then for some reason the doctor doesn't see the patient again for months or years and finds that they have quite well recovered from the alleged disability. This is not to say that any of these people are dishonest, or malingerers, but it is to say that they are simply human, and it is human nature that when something is hanging in the fire and undecided and when they have subjective symptoms with anxiety about them and when there is a cash remuneration in the offing that depends upon the persistence of these symptoms, then almost always that person is going to have a persistence of those symptoms. Once they start getting this dole I do not see how you can ever get them off of it and I certainly would not consider it to be doing them any favor to make them dependent upon some agency of the Government. It is surprising what people can do for themselves if they have to and if they find out for sure that someone else is not going to carry them on their back.

I am sure you must be aware, as all of us are, of what a tremendous pressure can be brought to bear by family, friends, attorneys, and do-gooders on the doctor to go ahead and certify people and testify and write statements for them that they have thus and so disability. After all, you know, there is a lot of difference in people, and one person with headaches or with high blood pressure or a leg or an arm off will go ahead and work and earn a good living and enjoy life, and other people with the same or lesser disability will sit around and wait for other people to do things for them. I do not think you would be doing these people any favor to automatically put them on the dole if they can find some physician to certify that they are totally disabled.

Finally, from a commonsense point of view, it seems to me that the cost of such a program would be simply tremendous and I do not see how you could possibly calculate it in advance any more than you could calculate it for a complete national health-insurance program. You know, people have a remarkable capacity for absorbing all of the medical care that you can give them free and a

remarkable capacity for absorbing all of the financial handouts that you can possibly give them. This does not mean that they are necessarily incompetent, lazy, or dishonest. It simply means that they are human, and that is human nature. With our present state of finances and the present cost of keeping this country prepared for war at all times, and with the present tremendously high tax burdens which are causing a hardship on all of us and are certainly damaging our incentive to go ahead and try to work harder and earn a little extra so we can have something for our old age or our entertainment or whatever it may be, I do not see how Congress can possibly justify putting this additional burden on the American people.

This is just another example of trying to get more and more people more and more dependent upon the Federal Government, and pretty soon we will automatically have the welfare state firmly established and if that is any different from state socialism or communism, I don't know what it is.

I hope that you and the members of your committee will not even allow this bill to reach the floor of the Senate, but throw it in the Potomac River, where it belongs. After all, the House did pass this thing without any public hearings and by very questionable parliamentary procedure.

Thank you kindly for reading this rather long letter and for such attention as you may be able to pay to its contents. I have had occasion to write to you personally on 1 or 2 other occasions endorsing your stand regarding economy in the Federal Government, and I continue to admire your personal attitudes and efforts in that direction which I feel are a great service to me and all other citizens of this great country.

Very truly yours,

ROBERT S. LONG, M. D.

ALBUQUERQUE, N. MEX., *February 4, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washintgon, D. C.

DEAR SENATOR BYRD: As a private practicing physician and an officer of my State medical society, I am writing with the hope that the Senate Finance Committee, while considering H. R. 7225, will not overlook the fact that the majority of the physicians of this country feel this legislation should be held up in the present form for additional study.

Too many parts of the present social-security laws have been placed on the statute books without complete understanding of its eventual cost and over the criticism of the most highly regarded insurance underwriters. It is declared in its present form actuarily unsound, and if the proposed additional benefits included in H. R. 7225 were to be included, it would become an unpardonable burden as taxes to be paid by the grandchildren of today and many generations unborn.

The feature of disability benefits to be paid at age 50 (or possibly 60) under the proposed bill (H. R. 7225) is impracticable and an unsasisfactory solution of a very important phase of our daily experience with the handicapped. This would be better handled under the present program of care by private physicians, with the Government continuing its existing rehabilitation assistance. To include pensions for the disabled will mean definite disinterest in rehabilitaton for many thousands of individuals not too zealous about working or being made ready to work.

When your committee reviews all the arguments pro and con, it would seem that the suggestion of the American Medical Association that a commission be created to carefully study the present law, and make recommendations for its revision and such additions as may be justified by careful investigation of the facts and studied costs, be given careful consideration.

Those who will eventually receive well-earned reward as pensions if needed from the Government should participate with those more fortunate who will not need help—in paying now through taxes. The benefits should not exceed what can be raised generation by generation as we go. Future generations may see fit to refuse to carry the burden placed on them by the Congress today and repudiate the whole program.

Will you convey to the committee along with the similar requests you undoubtedly have received, my reaction and the hope that delay for study be the order of your recommendations.

Very truly yours,

STUART W. ADLER, M. D.

PERTH AMBOY, N. J., *February 6, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that hearings on H. R. 7225 are scheduled to begin shortly.

It is my opinion and many of my colleagues that these new amendments are completely unsatisfactory insomuch as they shorten the age span and also do not allow for sufficient funds to do this. It means that we of the present generation will have our grandchildren pay for our future health for many, many years to come.

I fully oppose this and I fully feel this is an impairment in this case. I am,

Yours truly,

PAUL C. WIESENFELD, M. D.

SAN FRANCISCO 8, CALIF., *February 6, 1956.*

Senator HARRY BYRD,
The Senate, Washington, D. C.

DEAR SENATOR BYRD: I am writing to express my opinion that H. R. 7225 (social-security amendments of 1955) not pass. The portion of this bill that I find particularly disagreeable is the provision to pay cash benefits to totally disabled persons 50 years of age and over who are covered by social security. This would require doctors to certify such disability and supervise rehabilitation under the pay and control of the Federal Government, which is a step toward socialization. I am personally opposed to the whole idea of social security in general, and this above portion in particular.

Thank you very much for considering this matter.

Sincerely yours,

JAMES H. THOMPSON, M. D.

SAN DIEGO 1, CALIF., *February 6, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that you are chairman of the Senate Finance Committee and that it is holding hearings on H. R. 7225.

I am sure that you are aware of the serious and far-reaching effects that this bill would have on the economy of the Nation. I am thinking particularly of the introduction of a cash disability benefit system into the social-security plan. No social security, pension fund, or other, whether operated privately or by the Government, is sound unless it is built on a true actuarial basis. It seems to me that the cost of including such a disability benefit system would add a staggering load to the taxpayers of America.

In addition to my opposition as a taxpayer, I am also opposed to this disability benefit system as a private physician. First, it would add tremendously to the physician's work in determining who is or who is not disabled. This might well take time which is needed to care for the sick. Second, the physician would be placed in the unhappy position of having to refuse disability certificates to patients and friends when he believed they were not disabled and in spite of their claims that they were so disabled.

Any such bold step into the unknown which would have tremendous impact on everyone in America should be taken only after adequate study has been conducted.

With your permission, I request that these views which I have expressed be included in the record of the hearings on H. R. 7225.

Most sincerely yours,

MILO A. YOUEL, M. D.

SOUTH BEND, IND., *February 6, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Not long ago I wrote to our Senator Capehart on the matter of H. R. 7225, expressing my disapproval; and if there is still time I

ask your indulgence while I briefly outline the undesirable side effects liable to result from the passage of such legislation—in my own and the opinion of many other physicians.

First, the tieup of cash disability benefits under the terms stated would seem to place a pernicious and wholly unfair strain upon the integrity of insured individuals seeking to benefit from the provisions of the law; it would also place an unwanted responsibility upon conscientious medical practitioners. Inevitably it would tend to promote the extension of Government regulation into medical practice.

Second, the costs of such a program are completely unpredictable.

Third, there appears to be no proven need for such an extravagant addition to our social-security setup.

Fourth, I believe a measure of this scope would set a precedent for an unknown amount of clamor for even further Government paternalism. Such a bill might, in a short time, lead to a serious train of taxation difficulties.

I most earnestly request your consideration of the problem, Senator Byrd, in the light of the objections I have stated, and trust that you will see fit to vote against H. R. 7225.

I remain,

Very sincerely yours,

E. R. CROW, M. D.

DENVER, COLO., *February 6, 1956.*

Senator HARRY BYRD,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: In view of Senator Millikin's illness, I am writing to you as chairman of the Senate Finance Committee in regard to H. R. 7225, which I understand is under study by your committee.

As an orthopedic surgeon I am in one of the best positions to realize that this bill is highly dangerous. Patients' ability to go back to work is difficult enough to determine without this powerful secondary gain factor added. This factor can act in the subconscious of the patient and magnify his symptoms. It will destroy the important motivation to return to his job.

Having worked in an industrial clinic in New Orleans, I can see where this situation would result in chaos, especially in the south—if you know what I mean.

It is hard enough to push a lot of patients for their own good—and the good of their families—without placing this tantalizing morsel in front of them, which will defeat the efforts of those trying to help them.

Hoping that you will convey my thoughts on this matter to Senator Millikin and the members of your committee, I remain.

Sincerely yours,

W. STANFORD FOULTZ, M.D.

CLEVELAND 6, OHIO, *February 7, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: According to my opinion, H. R. 7225 may unfavorably influence the future situation of the medical profession.

I am, therefore, opposed to the proposed social security amendments of 1955.

May I request that this statement be included in the record of the hearing.

Sincerely yours,

FRANCIS J. HARVEY, M. D.

LOS ANGELES 17, CALIF., *February 6, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: It is an honor and privilege for me to kindly request you to vote "No" on H. R. 7225. The main reason I am personally against this bill is that a cash handout is always a deterrent to normal and efficient rehabilitation.

Will you please include this request in the record of the hearings? Thank you.

Respectfully,

J. N. SARIAN, M. D.

ALEXANDRIA, LA., *February 4, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am opposed to H. R. 7225 and I would appreciate it if you would have the following statement included in the record of the hearing.

I believe that H. R. 7225 will materially change social security and probably add substantially to its cost. Adding a cash disabiilty benefit system into social security to provide monthly payments to permanent and totally disabled persons over 50 years of age is a very serious step and needs careful and further evaluation and study before enacting into law.

I feel that this is another step in an effort to convert social security into some overall Government medical care program. I feel that this is an attempt to edge into the backdoor to an objective that its proponents have been unable to obtain forthrightly through the front door.

Thank you very much for your attention to this matter. Best regards.

Sincerely yours,

JOHN W. DEMING, M. D.

OKLAHOMA CITY 2, OKLA., *February 6, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I am writing to voice my objections to H. R. 7225, which I understand is now before the Finance Committee.

With the rapid increase of people over age 65, the load of social security is too great now, without lowering the age of retirement of women to 62. In my opinion, women are better able to work to age 65 than are men, and are much better off working. Besides this, this greatly increased tax burden will be falling on our young people born during the depression years. As you well know, people during those years could not afford large families, therefore this burden will be thrown on a comparatively small group. Should this amendment be postponed until 1962 our crop of war babies will be coming on and could much easier carry this increased tax burden.

The part of this amendment which provides for total disability to people at age 50 is really asking for trouble. As you know, there will be many malingerers in this group who will be difficult to rule out.

Not only will this amendment greatly increase the work of the medical profession but it will of necessity create additional Federal bureaus of rehabilitation. Just where is this Federal practice of medicine going to stop? We feel that this Government supervision will be just another step toward socialized medicine.

How can one ever expect to balance the budget with our increasing needs to expand our country's defenses, the need for support of farmers, and now the proposal to add on to Government expenditure this unnecessary and unwarranted amendment to social security.

As a great patriot and as chairman of the Finance Committee of the Senate, I am asking you to take your stand against these amendments.

Please include this letter in records of the hearings.

Yours sincerely,

MARY V. S. SHEPPARD.

BALTIMORE 10, MD., *February 8, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: This letter is to express the writer's opposition to H. R. 7225. The writer is particularly opposed to the provisions of the bill making cash disability benefits compulsory.

To make this step a constructive one, it would appear to me that it would be necessary to remove the compulsory character of benefit, and thereby to allow for the establishment and activation of a mechanism allowing for individual evaluation of such problems and support, where necessary, from local sources.

The writer is sure there is no need of pointing out to you that the bill as written and passed in the House would have great and serious impact upon the finances of the Federal Government.

As part of a constructive suggestion, allow me to register my support for a program of Federal coinsurance of voluntary health plans to be operable only in cases of catastrophic illness, a program suggested by the President last year and unfortunately not approved in the House or Senate, but as I remember the suggestion was never put in the form of a bill nor reported out of committee.

It is hereby requested that this letter be placed in the record of the hearings.

Yours very sincerely,

MITCHELL H. MILLER, M. D.

ST. PETERSBURG, FLA., *February 9, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I would like to state that I am opposed to H. R. 7225.

I believe that this legislation has not been adequately studied and that it is high time some of our people started caring for themselves rather than seeking to have our Government provide more and more security.

I shall appreciate your including my statement in the record of the hearings.

With kindest personal regards, I remain

Very truly yours,

FRANK L. PRICE, M. D.

ALBERT LEA, MINN., *February 10, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: May I register with you my personal reactions to H. R. 7225 and request that proper use be made of the material in whatever hearings follow. It should be quite obvious that this type of legislation could have very far-reaching influence in a number of spheres. To be perfectly frank, the need for this sort of legislation to me is not apparent. Government agencies now exist which should be perfectly capable of taking care of these problems, and in this community it would be my feeling that the necessity for such far-reaching legislation is certainly nonexistent. You will also realize that eventually the physician would be placed in a most undesirable position if legislation such as this is enacted. You are, I am sure, well aware of the problem which exists today in relation to insurance companies. You are also aware, I am certain, of what would happen if the Government were to take the place of the insuring agent.

Very truly yours,

MARCUS A. KEIL, M. D.

WHITFIELD, MISS., *February 7, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR MR. BYRD: As chairman of the Senate Finance Committee considering H. R. 7225, this is to let you know that, as a physician and as a citizen, I am opposed to H. R. 7225, as contrary to the best interests of both the general public and American medicine.

Will you please include my opposition to H. R. 7225 in the record of the hearings?

Very truly yours,

RUSSELL C. MATHEWSON, M. D.

NEW YORK 21, N. Y., *February 8, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I protest against the passage of H. R. 7225 which provides cash disability benefits for certain "permanently and totally disabled" persons.

In the first place, I think that it has not been established that such a law is necessary or advisable.

In the second place, total and permanent disability cannot be defined. What would be a total disability for one man need not be so for another. It is an unfortunate characteristic of human nature that payment for being disabled frequently retards convalescence and can make a permanent invalid out of a person who need not be. Senator Lehman is naively optimistic when he thinks that adequate standards and safeguards can be provided in order to prevent abuses.

In the third place, it is unfair to the family physician to make him responsible for the decision as to whether a man is totally and permanently disabled. It would subject him to altogether too much pressure by the people from whom he earns his living.

I am certainly not opposed to aiding an individual who is totally and permanently disabled. In fact, I spend a great deal of my time trying to procure help for such people. Nevertheless, I think H. R. 7225 is not the solution of the problem and will cost the taxpayer a great deal more than it is worth.

I request that this letter be included in the record of the hearings on the bill.

Sincerely yours,

CHARLES W. LESTER, M. D.

WILLIAMS-GODFREY-HENLEY CLINICS,
Okeene, Okla., February 8, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing you concerning H. R. 7225 and request that the following be included in the record of the hearings:

I believe that this bill would go a long way toward turning the old-age and survivors benefit program into a program of medical care. The cash-disability-benefit system which this bill provides for would involve certification by a private physician, supervised by State agencies, with pay evidently to come from the Government. Furthermore, a disabled person would be required to take vocational rehabilitation, with payment provided, at least in part, by the Federal Government. There would be inevitable governmental regulation of medical services to the disabled, and physicians would find themselves under constant pressure from patients, patients' relatives, and administrators seeking disability certifications.

I feel also that not enough study has been given to a host of questions which this bill brings up. What incentive would a disabled person have to take vocational rehabilitation when he knows that if he shows improvement he will lose his disability payments, How many would he involved in the proposed amendment? How much would this amendment cost? What is being done for disabled persons now? Permanent disability is at times a very nebulous entity, and even after careful examination often revolves around the motivation of a patient to recover. Many groups are studying the problems involved and there is no crisis involved.

Sincerely,

THOMAS H. HENLEY, M. D.

BEVERLY HILLS, CALIF., *February 7, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Strong objection is offered the proposed social-security amendments, as H. R. 7225. hTis bill was passed through the House without public hearing in unwarranted haste.

It appears to me that such an amendment grafted onto the Social Security Act would become a political football. Physicians, who would be involved in disability

certifications, would inevitably be caught in a maelstrom of Government control and regulation. The implication of a Federal dole, additionally, is not beyond comprehension.

This measure impresses me as an additional effort on the part of some to increase nationalization or socialization of certain industries or businesses such as the practice of medicine. It is my firm opinion that this can only redound to the harm instead of the benefit of individuals mentioned in the proposed legislation.

It is respectfully requested that this statement of my opinion be incorporated into the records of the hearings of the Senate Finance Committee on this bill.

Very truly yours,

ELMER F. GOOEL, M. D.

WHITTIER, CALIF., *February 7, 1956.*

Senator HARRY F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am alarmed at the provisions of H. R. 7225, and believe that enactment of this bill will be another large encroachment upon the freedom of our citizens and will ultimately result in bankruptcy of our country. I believe that this would result in more reckless and irresponsible spending and will impose on the youth of our Nation the financial obligation of providing vote-buying doles for the present generation.

It has been well proven that the present social-security system is actuarially unsound, and the proposed expansion will result in more socialization, more compulsion, more regimentation, and more direct Federal interference in the lives of most Americans.

Please give this bill your study and help defeat this extension of socialism. I would appreciate your views on this subject.

Cordially yours,

ALLAN K. BRINEY, M. D.

HARTFORD, CONN., *February 8, 1956.*

Re H. R. 7225.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I am submitting herewith a statement of my reactions to H. R. 7225, and request that it be included in the record of the hearings.

Part of the reason for my interest is that I am a child psychiatrist and see mostly chronically ill (or at least nonacutely ill) young people up to the age of 18, including some with complex chronic neurological disorders or with other chronic medical ailments in addition to their emotional problems. It is a matter of recurring experience for me that medical and social and educational resources are not nearly well enough developed to rehabilitate many of these youngsters anywhere near as efficiently and soundly as extant knowledge permits, and my past experience gives no reason to believe that the situation gets better beyond the age of 18 years.

Respectfully yours,

C. RAYMOND KIEFER, JR., M. D.

STATEMENT ON H. R. 7225

I am keenly in sympathy with the apparent intentions of H. R. 7225, which I understand to be chiefly as follows: Providing disability benefits to chronically disabled persons and rehabilitation of as many as possible. However, I have studied this act somewhat carefully and in my opinion it just will not get these results, which many of us would desire if they were possible now. This is not a thoughtless statement, for I practiced medicine in Pennsylvania, Tennessee, and Connecticut, and have been active in community affairs at State and local levels. Thus I have had a chance to get some idea what sorts of things are feasible and what are not in rehabilitation; and—particularly as a specialist in child and family psychiatry—I see how hard it is for a great many insecure people to throw themselves wholeheartedly into a rehabilitative effort whose results cannot be certain and in which it appears as if any temporary success in their rehabilitation will burn their bridges behind them. Hard, but not

impossible; comparatively small projects here and there have accomplished a great deal not only toward measuring degrees of disability but also in rehabilitation of the total person. But it is impossible on the large scale, in spite of the increased Federal appropriations for rehabilitation, until a lot more people, professionals and not, get to be a great deal more rehabilitation minded. As it is, the act "leads the horse to water" but is likely to get only nominal participation in rehabilitation. And many participants may hope to get lost in the massive machinery and safety cheat or work angles, which does happen in other governmental programs such as ADC in public welfare, and apparently has already happened a lot in social security. Such behavior seems to stem usually from the combination of insecurity about one's own strengths and fear of being overwhelmed by external forces in life.

In my opinion, a really good piece of legislation should make a constructive assault on these difficulties. In due time some such legislation probably will be extremely useful, but just yet I am sure that our State rehabilitation offices, despite their good attitudes and important achievement, at present do not begin to have the knowledge and personnel and contacts to cope at all adequately with the massive job of rehabilitation whose need seems recognized in the intent of H. R. 7225. It seems to me that a lot more first has to develop and is developing at the local level under both private and public health and welfare activities, and that these in turn will form the groundwork for further developments in State offices of rehabilitation. Steady sources of stimulation for all this are present at the national level in the National Institutes of Health (of the United States Public Health Service) and the Commission on Chronic Illness (of the American Medical Association, et al.) among others.

SAN LEANDRO, CALIF., *February 9, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Would you be kind enough to include in the record of the hearings on H. R. 7225 that I am absolutely opposed to passage of this bill, in any form. I have already written to Senators Knowland and Kuchel to this effect.

Yours sincerely,

EDWIN WORTHAM, M. D.

DELAWARE STATE DENTAL SOCIETY,
Wilmington, Del., February 6, 1956.

Hon. HARRY FLOOD BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: The Council on Legislation of the American Dental Association will testify before the Senate Finance Committee on the Social Security Act Amendments of 1955 on February 8, 1956. The bill in question is H. R. 7225. That bill, as passed by the House of Representatives, provides for the mandatory coverage of self-employed dentists within the OASI program.

In accord with the house of delegates of the American Dental Association, the Delaware State Dental Society urges that you consider a system of voluntary coverage of self-employed dentists to be included in the bill.

Sincerely yours,

JAMES C. GANTT, D. D. S.,
Secretary.

PORTLAND, OREG., *February 7, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.:

Columbia River District Council representing 11 locals, International Longshoremen and Warehousemen Union, Oregon and Washington, urge your committee support these social-security improvements: Reduction in benefit age requirements from 65 to 60 for women, from 65 to 62 for men; continuation benefits disabled children after age 18; and lowering of adult disability age to 50.

J. K. STRANAHAN,
Council Secretary.

FEBRUARY 3, 1956.

MRS. ELIZABETH SPRINGER,
Clerk, Committee on Finance,
United States Senate, Washington, D. C.

DEAR MRS. SPRINGER: I am enclosing a newspaper article which was forwarded to me by Mr. George M. Bowman, of Elk Park, N. C., with the request that I present it to the Senate Finance Committee for consideration.

Sincerely yours,

SAM J. ERVIN, Jr.

SOCIAL SECURITY BENEFITS

This is in answer to an article of recent date, entitled, Wanted: An Independent Ripe Old Age, by Sylvia Porter.

Now, we all want a ripe old age, but just how wil we have it in this age of wear and tear, where every man is for himself? In the old days people had to believe that they would be taken care of, maybe by their neighbors, after they couldn't work any more. But this lot fell to only the good people, real Christians, we call them, and not to the selfish, who claimed that all people should lay up sufficient to take care of themselves, whether they were crippled or fell by the wayside or not. Jesus Christ, we believe one said, in certain words, help your neighbor. And we can help but believe that if Christ were living now he would teach that we should do this by way of taxpaying, as well as by other means.

After all these years social security has grown up. It started in a minor way, but necessity is going to make it grow bigger. Our present life, so complicated, calls for it. Foresights in social security could not be as good as hindsights are going to be.

Miss Porter doesn't want anyone to retire till he or she is 70. Now why not make this age 80, or 90, or 100? Of course, no one wants to retire so long as he can still earn high wages. Miss Porter calls this working on, and still earning independence and contentment of mind. Now Miss Porter's independence and contentment does not come so much from working on and earning, as it does from the fact that, after retirement for many, those retiring will draw practically nothing in this costly age. They shudder at the thought that they will have to exist on perhaps the meagre old-age pension, which will hardly buy bread for them. This is the cause of the discontent of mind and body.

Now, Sylvia fails to mention the thousands of young people, probably just married a few years, with children, who, in any depressed times, are without employment, and who would be very willing, if they were given employment, to pay a good and reasonable proportion of it throughout the years toward giving the older people their contentment of mind and body, and independence. And these younger people could do it with ease, while yet they are given health and strength. Isn't this Christianity? And are we Americans Christians, or not? Young people need jobs too for contentment of mind.

Now Sylvia fails to mention about the older people, those 60 years old and up, who are absolutely worn out from work, and the slings of life, so much so that they would welcome retirement at 60, provided they could receive as much as $1,200 a year, instead of the $2,000 yearly income she hoots at * * *

Now social security has taken into consideration the younger people; has made it ironclad for them. They will be automatically taken care of, after their years of work. But social security failed to take into consideration these older people. They were deprived of the right for social security. Many thousands of them were State employees, and the States would not put up their part of the social security dues. Well, then, why shouldn't these State employees be allowed to pay out of their pocketbooks both the employee's and employer's dues, thus giving the State employees some kind of chancee at the thing? Is it American, or Christian-like, to give part of the people something, and the other part nothing?

We have given billions abroad. Well, we do not object to this. This is being Christian—or doing like Christians would do—for these people abroad are our neighbors . But, at the same time, we could scrape up a billion here and there to put into the social security fund to take care of all these older people who have served humanity in divers ways. Then the younger people would be automatically taken care of. The years would take of that. * * *

Now let's mention a few of the cruel injustices of social security as they now stand. One of the chief injustices is that our leaders do not study the setup enough. Let's take this: A person born in 1900, and some before, in order to

qualify for social security, must put in a full 7 years to be eligible. This means that they will have to work every year of their time, if they retire at 62, and 7 out of the 10 years if they retire at 65—this is based on those entering social security at age 55—which anyone knows is out of all reason. Illness may come along for these old persons, or they may be kept from the payroll by their employers, or they may be so worn out with age and work that they simply cannot go on. Then they are cut out of social security. No chance to get it at all unless they can go ahead after the age of retirement and work some more. If these old people thus fall by the wayside, then why not allow them to pay the remainder of their required social-security dues out of their own pocketbooks to qualify? This would assure nearly everyone that he or she could go on. * * *

Four years should be the maximum for these older people to qualify at the very most. As the law now stands, State employees, if their retirement organizations vote for it, may enter social security. What if the organization votes against it? Then those who want it should be allowed to have it by paying both the employee's and employer's dues. Why not? Is it fair and right to keep these people out who want it? And why old-age pensions? Why not social security for all? Raise the social-security dues. It's worth it for all.

LOUISVILLE, KY., *February 12, 1956.*

Senator HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.:

Dr. James L. Doenges, president of Association of American Physicians and Surgeons, will testify before the Senate Finance Committee February 16 in opposition to H. R. 7225. His testimony will represent my opinion and that of many physicians in Kentucky. I request that you put in the record that the bill provides the Secretary of Health, Education, and Welfare with authority to override a certification of disability made by trained physicians and thus establishes the official belief that certification by a medical doctor is unnecessary although it requires it. Further it provides that those disabled must seek rehabilitation from Government agencies whether they want it or not.

Respectfully yours,

J. T. BATE.

FORT WORTH, TEX., *February 10, 1956.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.:

As individual, oppose inclusion of dentists or any other group under the social-security bill, either involuntary or voluntary.

Please place in record.

L. A. VANDERHAM.

FORT WORTH, TEX., *February 10, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Building, Washington, D. C.

DEAR SIR: I wish to express my emphatic objection to H. R. 7225, Social Security Amendments of 1955. I am unalterably opposed to the inclusion of any additional groups or individuals under social security. Particularly I am opposed to the forcible inclusion of any self-employed professional groups. Comparatively few professional people ever retire, and consequently their inclusion under social security would only place an additional tax burden on this group without their ever realizing any benefits from social security. This additional taxation upon this group of people would only compensate for an attempt by the Social Security Administration to help cover the deficits that will occur within the next 4 years, as Mr. R. J. Myers, Chief Actuary of the Social Security Administration, has so ably pointed out to your committee.

Please enter my opinions into the records of your committee hearings.

Sincerely,

I. M. COCHRAN, JR., D. D. S.

SAN FRANCISCO, CALIF., *February 16, 1956.*

Senator HARRY F. BYRD,
Senate Finance Committee,
Washington, D. C.:

On behalf of hundreds of ILWU pensioners living in California, undersigned respectfully urge H. R. 7225 now being considered by committee be improved by adopting four points advocated by ILWU petitions mailed to you:

1. Women to become eligible for OASI benefits at age 60.
2. Men to become eligible for OASI benefits at age 62.
3. Children disabled before 18 to continue to receive benefits after that age.
4. All covered persons be eligible for disability benefits at age 50. Point No. 1 extremely important, as most pensioners' wives are several years younger than husbands. Living standards of pensioners should be raised by simultaneous payment of benefits to man and wife.

FRANK MALONEY, *President,*
FRANK DAVIS, *Secretary,*
Committee To Promote the General Welfare of ILWU Pensioners.

SAN FRANCISCO, CALIF., *February 15, 1956.*

Senator HARRY F. BYRD,
Senate Finance Committee,
Washington, D. C.:

Thousands of ILWU members signed petitions forwarded your office favoring amendments Social Security Act as follows:

Women to become eligible for OASI benefits at age 60, men at age 62, continuance of benefits for children disabled before 18, and all covered persons to be eligible for disability benefits at age 50. ILWU Northern California Council meeting jointly with Southern California Council on February 11 endorsed above. On behalf of councils and 40,000 ILWU members in California, respectfully urge your committee take favorable action to liberalize Social Security Act as indicated.

MICHAEL JOHNSON,
Secretary, Northern California District Council, ILWU.

PHOENIX, ARIZ., *February 16, 1956.*

Hearings: Pensions to disabled at 50.

HON. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: There are roughly 12 or 13 million unseen attendants at these hearings—roughly 50 for every one of the quarter million disabled at this age.

We are their friends, church groups, families, and the several volunteer organizations mobilizing to arouse the national conscience.

We submit that another percent of contribution is small, comparing the human values here—that the 200 millions now payable bulk small beside the billions sent to the unfortunate abroad.

Please do not neglect their need this time.

Sincerely,

WALTER W. WILSON.

OAKLAND, CALIF., *February 15, 1956.*

Hon. HARRY BYRD,
Chairman, Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: I have read in the newspapers the arguments of representatives of the various insurance companies before your committee, relative to lowering the retirement benefit age for women under social security from 65 to 62 years. I do not believe that statistics regarding the relative longevity of men and women should be taken into consideration on this matter, as they are not actually comparable. We have practically no leisure class of men in this country, while we do have a leisure class of women in the upper income brackets, a

partly leisure class in the middle brackets, and a very large class of women who, while they certainly could not be called leisured, do not work outside the home.

My mother, for instance, has just passed her 86th birthday, thus adding to the longevity statistics. She raised a family, lived on a farm, and worked hard much of her life. But she never worked for 1 day outside the home. Today her blood pressure is 130, while mine hovers around the 200 mark. The stress and strain of the modern business world is not all borne by the high-powered executive; his secretary certainly shares it.

No statistics have been kept on women who have spent their lives in outside-the-home employment. The generation of women who started to work after World War I, and have continued in employment, are still in their fifties, not yet quite old enough to become statistics.

I feel very strongly that the direct worker, solely dependent upon herself for support, who has had at least 10 years of covered employment, should certainly be entitled to receive retirement benefits at age 62. The ordinary office-worker will, in most instances, have extreme difficulty in keeping herself employed until she reaches that age. Even a slight change in the national economy would throw a great many older women out of even the poorer paying jobs they now hold mostly because no one else wants them.

Take my own career (God save the mark!) for example: I started to work as a stenographer in 1918 for $50 per month. By 1930 I had worked my way up to $155. Came the depression, and my salary was cut three times, back down to $125. Then I had 16 months of unemployment, during which I used up my small savings. Finally I went back to work, part time, for $50 per month. In 1942 I was happy to get a defense job at $33 per week—and I was frozen at that salary during the duration.

After the war, I wasn't able to bluff my way past the "not over 35" barrier set up around all the better paying jobs, no matter how much I dyed my hair. So I had to start in again at $125 (total) per month. I'm on my fifth job now since 1945, and my takehome pay is $206.33 per month. Not much, in these times, on which to support myself, and partly support my mother. Oh, sure, California has a generous old-age pension for its "senior" citizens, and my mother has been eligible to receive it for over 20 years, but we do not want charity. Simply a fair break on something we have been paying into for 20 years.

I am not in favor the disability program proposed in the bill. I believe it would be too complicated and too expensive, as well as too subject to abuse.

Thank you for your consideration of my viewpoint, which at least gives you one honest case history.

Sincerely,

GRACE M. BOYLES.

UNITED MINE WORKERS OF AMERICA,
Rossmore, W. Va., February 13, 1956.

Mr. HARRY BYRD,
United States Senate, Chairman of the Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am writing you this letter in behalf of our local union. We would like to see H. R. 7225 enacted into law. It will very probably be of great benefit to a number of our aged and disabled members who are unable to obtain employment and who are not yet aged enough to qualify for social security benefits.

Very truly yours,

ERVIN SARGENT,
Recording Secretary.

DETROIT, MICH., *February 17, 1956.*

SENATOR HARRY F. BYRD,
United States Senate, Washington, D. C.

The Detroit Police Lieutenants' and Sergeants' Association of Detroit, Mich., a member of the National Conference of Police Associations, wishes to advise

you that we are opposed to any changes in the present social security law as proposed in Senate 2646.

DETROIT POLICE OFFICERS
ASSOCIATION, INC.,
LT. ROBERT QUADE, *President.*

SAN FRANCISCO, CALIF., *February 17, 1956.*

SENATOR HARRY F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

Membership of this union representing approximately 1,000 clerical workers on the San Francisco Bay area docks respectfully urge that your committee take favorable action in this session of Congress on the following sorely needed amendments to the Social Security Act: Women to become eligible for old-age and survivors insurance benefits at the age of 60; men to become eligible for old-age and survivors insurance benefits at the age of 62; children disabled before 18 to continue to receive benefits after that age; all covered persons to be eligible for disability benefits at the age of 50.

SHIP CLERKS ASSOCIATION
LOCAL 34, ILWU,
PAUL E. COSGROVE, *Secretary-President.*

PORTLAND, OREG., *February 15, 1956.*

SENATOR HARRY BYRD,
Senate Finance Committee, Washington, D. C.

On behalf of the ILWU pensioners living in the Portland area we respectfully urge that H. R. 7225 now being considered by your committee be improved by adopting following four points:

1. Women to become eligible for OASI benefits at age 60.
2. Men to become eligible for OASI benefits at age 62.
3. Children disabled before age 18 to continue to receive benefits after that age.
4. All covered persons to be eligible for disability benefits at age 50.

Point 1 extremely important as most our pensioners' wives are several years younger than husbands. Living standards of pensioners should be raised by simultaneous payment of benefits to man and wife.

COLUMBIA RIVER PENSIONERS
MEMORIAL ASSOCIATION,
JOE GEORGESON, *President.*
C. A. ORDWAY, *Secretary.*

PORTLAND, OREG., *February 15, 1956.*

Senator HARRY BYRD,
Senate Finance Committee,
Washington, D. C.:

International Longshoremen's and Warehousemen Union, Local 8, of Portland, Oreg., respectfully urge that H. R. 7225 now being considered by your committee be improved by adopting the following four points:

1. Women to become eligible for OASI benefits at age 60.
2. Men to become eligible for OASI benefits at age 62.
3. Children disabled before 18 to continue receiving benefits after that age.
4. All covered persons to be eligible for disability benefits at age 50.

The first point is of extreme importance to our pensioners and their wives. Our membership urges your careful consideration of and support of these improvements.

CARL H. ANDERSON, *Secretary.*

SAN FRANCISCO, CALIF.

Senator HARRY F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Our 12,000 members in bay area enthusiastically endorsed and signed petition amending Social Security Act as follows: Old-age insurance eligibility age for women to be 60 and for men 62; children disabled before 18 to continue to receive

benefits after that age; and all covered persons to be eligible for disability benefits at 50. Urge favorable action from your committee in the interests of our senior citizens who deserve priority consideration.

WAREHOUSE UNION, LOCAL 6, ILWU,
CHARLES DUARTE, *President*,
RICHARD LYNDEN, *Secretary-Treasurer*.

HARRISVILLE, W. VA., *February 19, 1956*.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SIR: My husband and myself are opposed to the manner in which H. R. 7225 is being rushed through without proper study.

This amendment is unfair to physicians as it would subject them to Government regulations in dealing with patients and increase their responsibilities and paperwork tremendously. Also it would give some unscrupulous persons incentive to malinger.

Please enter my letter in the record of the Finance Committee.

Sincerely,

BETTY BYRD HATFIELD.

NEW YORK MEDICAL COLLEGE,
February 14, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

SIR: I understand that bill H. R. 7225, which will make amendments to the Social Security Act, has already passed the House of Representatives and is scheduled for hearing by the Senate Finance Committee.

While I am sure we are all in accord with the general idea of increasing security for our entire population, it seems to me that the above bill has as riders many items which will react unfavorably upon special groups in our sociey and eventually upon the taxpayers as a whole.

Several things which impress me in analyzing this bill are the facts that:

1. Payment will be made, irrespective of financial status, to the totally and permanently disabled;
2. Vocational rehabilitation becomes compulsory to the totally and permanently disabled; and
3. Considerable redtape is involved in the method of certifying patients for their disability.

In view of the above and other items with which I am sure you are already or will eventually become acquainted, I feel that this bill needs much more study than it has had before becoming law. It is not clear to me how many people would be involved in connection with this proposed amendment to the Social Security Act. The costs have not actually been spelled out. Our present work for disabled people has not been assessed in conjunction with the amendment and what could happen in case of a depression in this country seems not even to have been touched upon. I hope you and your colleagues will give this a great deal more consideration and study before allowing it to come up for final consideration by Congress.

I respectfully request that this statement be included in the record of the hearings on this bill. Thank you for your interest and help in this matter.

Very truly yours,

THOMAS H. MCGAVACK, M. D.,
Professor of Clinical Medicine.

LINCOLN, NEBR.

Senator HARRY BYRD, *Chairman:*

Please note contents and include in the record of the hearings on this bill. Thank you.

Sincerely,

G. H. MESKO, M. D.

A Clinical Analysis of H. R. 7225

(American Medical Association, 535 North Dearborn Street, Chicago 10, Ill.)

WHY SHOULD PHYSICIANS BE CONCERNED WITH H. R. 7225?

The primary reason physicians should be vitally interested in H. R. 7225 is that it directly affects medical practice.

This proposed national legislation would make several changes in the Social Security Act. The most important medical change would graft a cash disability benefit system onto social security. It would provide monthly payments to permanently and totally disabled persons who are over 50 and covered by social security. The payments would be a statutory right, to be paid regardless of the recipient's financial status.

Determination of disability would involve certification by a private physician, supervised by State agencies. Payment for this medical service may come from the Federal Government.

H. R. 7225 further stipulates that a disabled person will not be eligible for cash benefits unless he accepts vocational rehabilitation. Here, again, medical services would be required, with payment provided, at least in part, by the Federal Government.

The impact of such a Federal cash disability system on medical practice is clear. In addition to the inevitable governmental regulation of medical services to the disabled, physicians would find themselves under constant pressure from politicians, administrators, and patients seeking disability certifications.

HOW IS H. R. 7225 RELATED TO THE SOCIAL SECURITY SYSTEM?

Social security was enacted in 1935 to provide a floor of economic security for retired workers at age 65. Since then, the act has been amended repeatedly to expand coverage and liberalize benefits.

The American Medical Association has never taken a poistion regarding social security per se. In recent years, however, many amendments have been offered seeking to add various medical benefits to the straight support payments originally authorized for retired workers. In these instances, AMA has evaluated them and informed Congress of medicine's views.

Only one of the proposed amendments has been adopted. This is the so-called disability freeze, enacted in 1954. It authorized the exclusion of periods of permanent and total disability in the computation of cash benefits.

AMA objected because the "freeze" tied in disability with eligibility for social security benefits, thus involving physicians in disability certification for the Federal Government and establishing a precedent. Although it affects but a small amount of the population, the AMA correctly predicted that it was the first move in a new campaign to convert the Social Security Act into a Government medical program. H. R. 7225 is the second maneuver.

WHAT IS CURRENT STATUS OF H. R. 7225?

H. R. 7225 was considered by the House Ways and Means Committee in June 1955. Despite strong protest, no public hearings were allowed. This denial was unusual, especially in view of the far-reaching effects of the bill. H. R. 7225 was adopted in the House and now awaits consideration by the Senate. Hearings are scheduled by the Senate Finance Committee early next year.

WHY THE NEED FOR MORE STUDY?

Many questions are unanswered about permanent and total disability. Its definition is uncertain. How many would be involved in the proposed amendment? How much would it really cost and how much would taxes go up? What would happen in a depression? Experience shows that the prevalence of "permanent" disability varies inversely with economic conditions. And finally, what, exactly, is being done for the disabled now?

The subject obviously is too complex for hasty, superficial consideration. AMA currently is reexamining the whole problem of permanent and total disability and is conducting surveys in many areas. Deficiencies undoubtedly will be uncovered, but AMA hopes to make recommendations which are both constructive and sound.

Other concerned groups are making studies, too. Congress should await these findings and then give the subject the sober consideration it deserves.

WHY IS IT URGENT THAT YOU DO SOMETHING NOW ABOUT H. R. 7225?

Whatever the merits of the social security system, it is apparent to any student of politics that the "giveaway" of Government benefits in an election year is a strong temptation to those who are not concerned with the long-range welfare of the country.

Once medical benefits are included under the system, it is certain that pressure groups will try to expand and liberalize them, moving step by step toward Government medicine.

As the A. F. of L.'s American Federationist recently stated, "The really significant gain in these (1954) amendments was not the so-called freeze of benefit rights, but the fact that in its adoption the precedent for the determination of disability under terms of a Federal program was established and provision was made for rehabilitation services." The same publication further indicated that the first real political test for labor, following the merger of the CIO and A. F. of L., would come on H. R. 7225.

To summarize AMA thinking regarding H. R. 7225:

1. This bill would have a far-reaching impact on the practice of medicine, and an unpredictable financial effect on the social security system.
2. This legislation needs far more study before any action is taken.
3. No crisis exists to warrant immediate passage.
4. Cash handouts would hinder rather than promote rehabilitation, because successful rehabilitation would mean loss of the cash benefit.
5. Social security should be taken out of politics.

Talk to your friends. Ask for a complete study before adding further costs to expand social security benefits.

JANESVILLE, WIS., *February 11, 1596.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building.

DEAR SENATOR: I am a practicing physician and as such wish to voice an objection to H. R. 7225, now being considered. I firmly believe such an idea as is included in this bill needs much more serious consideration as to its far-reaching effects and costs before being voted on.

The disability provisions would bring too much Government intervention and supervision to the proposition of deciding disability, I believe. Furthermore, while it is a generous thought to attempt to provide for the partially or totally disabled, the prohibitive cost must be considered. I further believe that personal and private charity must be allowed to function in this regard—needless to say, it will not if Government is ready to step into the breech.

Will you please include my letter in the record of the hearings? Thank you, and God bless you.

Sincerely,

E. S. HARTLAUB, M. D.

RINEHART CLINIC,
Wheeler, Oreg., February 15, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I understand that H. R. 7225 is scheduled to be heard by the Senate Finance Committee very soon. This bill requires a few comments from the medical profession and I should like to have the following included in the record of the hearings.

There are undoubtedly many thousands of our citizens who are suffering loss of income due to disability, and who have to be helped by local and State agencies. These people are being aided by their local governments, and by agencies that are in a position to determine their needs. Also in our society there are hundreds of thousands of individuals with "self-induced" or neurotic ailments who would like to use the proposed legislation as an excuse, with the unwilling and unwitting aid of their physicians to drain the economy of millions of dollars.

Anyone who has not had the opportunity to see and talk to thousands of patients with myriads of ailments cannot appreciate the "insurance motive" in many illnesses. If this is aggrevated by universal cash benefits for disability to those over age 50, we will become a nation composed largely of cripples.

Surely your committee will not open the public purse to this group of ne'er-do-wells.

Yours very truly,

R. E. RINEHART, M. D.

IMPERIAL, NEBR., *February 14, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: H. R. 7225 is now before your committee and I would like to add my opinion to those of others regarding this proposed legislation. I appreciate your interest in this bill and hope that these few words may be added to the record of the hearing.

I am particularly opposed to cash disability benefits proposed. The governmental regulations and the political pressures that would be inevitable make it very undesirable. Because of this and the questionable financing of the project, I feel that much more study should be made before such a question was seriously considered.

Thank you very much for your fine services as a Senator. They are recognized and appreciated by both parties.

Very truly yours,

FAY SMITH, M. D.

THE SANSUM MEDICAL CLINIC,
Santa Barbara, Calif., February 16, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Please place my name on the list of the vast majority of professional men who are protesting the consideration of H. R. 7225 by the United States Senate.

This bill, if passed, will be a major step in leading us away from individual enterprise. It also will be a major step in socializing the professions, and lead us away from the type of government we are all attempting to maintain.

It is my sincere request that this letter be included in the record on the hearing of H. R. 7225.

Very truly yours,

JOHN F. MERRITT, M. D.

HAMBURG, N. Y., *February 13, 1956.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: It has come to my attention that hearings on proposed amendments to the Social Security Act are to be held currently. I am particularly interested in H. R. 7225 regarding disability payments to permanently and totally disabled persons over the age of 50. I request that the following opinion be included in the record of the hearings concerning this matter.

It is difficult for men in Government to assess properly the impact of the laws they pass upon the people they govern. It seems to be a fact that the Federal and States governments alike have gone way beyond the original aim in providing social and economic security to the individual. The aim of the Social Security Act of 1935 was to provide a floor of economic security which, augmented by the savings of the individual over 65 years of age, would be enough so that he could retire with financial security. Passage of H. R. 7225 would go way beyond this. It would give the man of 50 partially or totally disabled, irregardless of his financial status, an income for the rest of his life. What is so wrong with this? First, his family doctor would be under constant pressure, on the one hand, from his patient, on the other from governmental agencies, to certify that he is disabled. Passage of this bill would create hundreds of new governmental agencies throughout the separate States to administer vocational rehabilitation to these people. Thousands of young doctors would be enticed into this program instead of going into general practice where they are most needed. These same doctors would be supervised by Federal agencies subject as always to political pressure.

It would seem to me that the proponents of this bill being unable to socialize medicine by the direct approach are attempting to do it by gradually amending the Social Security Act. The Federal tax load, staggering as it is already, would be suffocating.

It is wrong to tax the industrious to support the indigent. I buy my disability insurance as do millions of other Americans. This is the American way, the just way, and the morally right way.

Sincerely yours,

THOMAS H. HEINEMAN, M. D.

RAVENNA, OHIO, *February 22, 1956.*

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: I am writing to you concerning H. R. 7225 which the Senate Finance Committee has under consideration. I urge you to either vote against this bill or to encourage the authorization of a careful, impartial study which such important legislation deserves.

My personal objections to this bill are essentially those expressed by the American Medical Association, these are:

1. Inadequate time and study went into the preparation of this bill.
2. The proposed program will discourage many disabled persons from wholeheartedly entering into a rehabilitation program.
3. The definition of disability will be difficult to apply uniformly and physicians will be under individual pressure from patients who are seeking disability payments.
4. This program, once started, could only grow larger and there would be continuous political pressure to bring this about year after year.
5. It would seem advisable to consider carrying this program out on a State or local level and to intensify rehabilitation efforts at this same level.
6. This bill certainly seems to be the first step in making all disabled people eligible, regardless of age or economic status, and eventually with treatment supervised by United States employed physicians.

Please make this letter a part of your records.

Very truly yours,

E. A. WEBB, M. D.

RAVENNA, OHIO, *February 22, 1956.*

Senator HARRY BYRD,
Chairman, Senate Finance, Committee,
Washington, D. C.

DEAR SENATOR: I am writing to you concerning H. R. 7225 which the Senate Finance Committee has under consideration. I urge you to either vote against this bill or to encourage the authorization of a careful, impartial study which such important legislation deserves.

My personal objections to this bill are essentially those expressed by the American Medical Association. These are:

1. Inadequate time and study went into the preparation of this bill.
2. The proposed program will discourage many disabled persons from wholeheartedly entering into a rehabilitation program.
3. The definition of disability will be difficult to apply uniformly and physicians will be under individual pressure from patients who are seeking disability payments.
4. This program, once started, could only grow larger and there would be continuous political pressure to bring this about year after year.
5. It would seem advisable to consider carrying this program out on a State or local level and to intensify rehabilitation efforts at this same level.
6. This bill certainly seems to be the first step in making all disabled people eligible, regardless of age or economic status, and eventually with treatment supervised by United States-employed physicians.

Please make this letter a part of your records.

Very truly yours,

R. E. ROY, M. D.

SYRACUSE, N. Y.

Senator HARRY F. BYRD,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: It has come to my attention that the Senate Finance Committee is having hearings on H. R. 7225, which has to do with proposed amendments to the social-security laws. After having read the information relative to bill H. R. 7225, it seems to me that this is hardly a matter which should be passed or should be added to the legislation which has such far-reaching effects, without being put to a much more general popular vote. It seems to me that the suggestions in the form of the proposed amendment are very far reaching, in fact on both the care of the aging and on the social-security system, and therefore affect the population as a whole as it exists today. It seems to me that far more study needs to be entered into before any action is taken and, while I do not want to seem completely against increasing benefits to the aging or the disabled, I only want to be understood as not favoring this approach to the problem, which to me, as I mentioned earlier, seems a little underhanded.

With patients being eligible for cash subsistence merely by being disabled or incapacitated, it puts a tremendous amount of importance on the private physician, and to me I see many avenues of increased pressure groups both from labor and Federal controlling agencies on behalf of the individuals who might be on the borderline unless the exact nature of total disability be defined. Most all of us who are practicing medicine today are completely aware of the fact that we have at present an aging society, and in the very near future we will have many more elderly patients than we have at present. We are also completely cognizant of the lack of facilities for care of the aging well individual and for the aging invalid.

I am most happy to lend whatever time and effort I can toward increasing the help given to either the aging or to the disabled individual, but I cannot subscribe to the suggested changes that are outlined in H. R. 7225. I have talked with many of my medical colleagues about this program and they join me in feeling that anything which has such far-reaching effects as this should not be passed by the House and then by the Senate and made law when they may have such far-reaching effects on our entire national economy and care of patients, both aged and disabled.

For these reasons I wish that my letter could be included in the records of the hearings and I have sent copies of this letter to the Senators from New York State, who will undoubtedly have an opportunity to voice their feelings when and if H. R. 7225 does come on the Senate floor for discussion.

Thank you very kindly for your attention, and should further information about this bill be available, I would be very happy to have copies sent to my office.

Yours very truly,

SIDNEY B. DOOLITTLE, M. D.

SCRANTON, PA., *February 25, 1956.*

SENATE FINANCE COMMITTEE.

DEAR SIR: I am totally disabled for the past 8 years from arthritis. Not being as fortunate as the good doctors to appear in person, please let my letter be my stand-in, and I hope I am given the same opportunity as the doctors to be heard.

What is the real reason for being against the change favoring disabled people. They evidently favor lowering the age of women from 65 to 60 or 62 years. A married man whose wife reaches 65 receives social security for which he hasn't paid 1 cent.

There are many men and women who have a parent dependent (some do get quite old, you know) on them and who has paid the same percentage into social security as a married man but get nothing for the dependent.

It's hard to believe that a group of people who by their own choosing became doctors, whose work it is to heal or relieve the ill, in order to receive their help, what is the first thing needed but money; and without it one doesn't get far. I'll still keep praying for the passage of this bill which would mean so much to the sick who are not as fortunate as the doctors who are against it.

Sincerely yours,

Miss EDNA BACKER.

P. S.—I know this is a crude-looking letter. My hands are so badly crippled that I cannot use a pen.

RAVENNA, OHIO, *February 28, 1956.*

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: I am writing to you concerning H. R. 7225 which the Senate Finance Committee has under consideration. I urge you to either vote against this bill or to encourage the authorization of a careful, impartial study which such important legislation deserves.

My personal objections to this bill are essentially those expressed by the American Medical Association. These are as follows:

1. Inadequate time and study went into the preparation of this bill.
2. The proposed program will discourage many disabled persons from wholeheartedly entering into a rehabilitation program.
3. The definition of disability will be difficult to apply uniformly and physicians will be under individual pressure from patients who are seeking disability payments.
4. This program, once started, could only grow larger and there would be continuous political pressure to bring this about year after year.
5. It would seem advisable to consider carrying this program out on a State or local level and to intensify rehabilitation efforts at this same level.
6. This bill certainly seems to be the first step in making all disabled people eligible, regardless of age or economic status, and eventually with treatment supervised by United States employed physicians.

Please make this letter a part of your records.

Sincerely,

W. B. WEBB, M. D.

(Whereupon, at 11:35 a. m., the committee adjourned, to reconvene at 10:15 a. m., Monday, March 5, 1956.)

SOCIAL SECURITY AMENDMENTS OF 1955

MONDAY, MARCH 5, 1956

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

The committee met, pursuant to call, at 10:15 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd (chairman) Kerr, Frear, Martin, and Carlson.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order. The hearing today is on the surplus food certificate amendment to H. R. 7225 proposed by Senator Kerr and others.

The Chair wishes to insert in the record reports from the Department of Health, Education, and Welfare, the Department of Agriculture, and the Bureau of the Budget on the bill S. 627, which has since been proposed as an amendment to H. R. 7285.

(The documents above referred to are as follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
September 20, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR MR. CHAIRMAN: This letter is in response to your request for a report on S. 627, a bill to provide supplementary benefits for recipients of public assistance and benefits for others who are in need through the issuance of certificates to be used in the acquisition of surplus agricultural food products.

The bill would establish a temporary program for distribution of surplus foods to needy persons by means of a system of food certificates. Such certificates would be issued by the Secretary of Health, Education, and Welfare to State and local welfare agencies and distributed by those agencies to public assistance recipients, unemployment insurance beneficiaries and other needy persons for use in the purchase of designated surplus foods. The Secretary would be required to provide for redemption of such certificates through banking institutions. The provisions of the bill would expire on June 30, 1956, except that food certificates could be redeemed until December 31, 1956.

We would endorse the objective of this bill to make surplus foods available to needy groups in the population. We have some question as to whether the method of distribution proposed is necessary or well-designed to achieve the objective.

At present, surplus foods are being distributed to needy persons in 34 States and Alaska under the provisions of the Agricultural Act of 1949, as amended. As of December 1, 1954, about 2.6 million persons living outside of institutions had been certified to receive surplus commodities. About one-fourth of these persons were public assistance recipients, the others were not receiving assistance but were in need—as determined, in most States, by the State or local welfare agency—because of unemployment, drought, or other reasons.

S. 627 would not make surplus commodities available to any groups beyond those who are eligible to receive such commodities under existing legislation. It would not increase the kinds or varieties of foods available for distribution.

The bill would require the establishment of an administrative organization for redemption of the surplus food certificates through the banking institutions of the country. Such arrangements would be appropriate and necessary in a long-term food-allotment program. They appear overelaborate and unnecessarily costly for a temporary program.

In view of these considerations, we would recommend that the bill not be enacted by the Congress.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

M. B. FOLSOM, *Secretary.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., August 30, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of February 11, 1955, requesting the views of the Bureau of the Budget on S. 627, a bill to provide supplementary benefits for recipients of public assistance and benefits for others who are in need through the issuance of certificates to be used in the acquisition of surplus agricultural food products.

The bill would set up a food certification plan under which needy persons would receive surplus foods. The Secretary of Health, Education, and Welfare would issue the certificates to State and local welfare agencies; such certificates would be redeemable at banking institutions. The plan would expire on June 30, 1956.

The basic objective of the bill—to make surplus foods available to people in want—is desirable. However, after careful analysis, both the Department of Agriculture and the Department of Health, Education, and Welfare have reached the conclusion that S. 627 does not represent the best means of achieving this objective. In addition, the Department of Agriculture points out the need for experimental trials before any general plan is adopted.

At the present time, surplus foods are distributed to people in need in a majority of the States. In our judgment, S. 627 would not serve to increase substantially either the number of recipients or the amount of food going to them. Moreover, it would require establishment of an administrative organization to handle the redemption of food certificates through banking instiutions. This would involve additional expenditures, over and above the present cost of distributing surplus foods. Also, past experience has revealed that programs of this type, which involve special certificates to be used in normal channels of trade, give rise to serious operating difficulties.

In the circumstances, the Bureau of the Budget recommends against favorable consideration of S. 627.

Sincerely yours,

PERCY RAPPAPORT, *Assistant Director.*

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., September 2, 1955.

Hon HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR SENATOR BYRD: This is in reply to your request for a report on S. 627.

We do not favor passage of S. 627. Under current economic conditions, we do not believe that a program of the broad scope outlined in S. 627 is warranted. Moreover, should the Congress contemplate action along the lines of S. 627 in the future, we believe there are several provisions of the bill which should be amended in order to increase program effectiveness.

S. 627 authorizes the monthly distribution, by the Department of Health, Education, and Welfare, of surplus food certificates worth $10 to individuals receiving specified types of assistance under the Social Security Act, State unemployment compensation and State or local public assistance, and to other individuals certified by public welfare agencies to be in need of public assistance.

The Secretary of Agriculture shall designate as surplus each month those foods where supplies exceed demand to such an extent as to depress the market price below the parity price thereof. The Secretary of Agriculture is also authorized to transfer to the Department of Health, Education, and Welfare, section 32 funds for this purpose to the extent that such transfers may be made without interfering with other programs. Authorization also is provided for the appropriation of such further sums as may be necessary. The act would expire on June 30, 1956, except that authority to redeem food certificates would continue until December 31, 1956.

This Department is not in a position to comment on any administrative problem that might be encountered by HEW in the establishment of certain eligibility requirements or the issuance and redemption of food certificates. However, previous experience of the Department with programs involving the use of food certificates in normal chanels of trade indicates difficult operating problems. In connection with proposed legislation authorizing the operation of similar programs by this Department, we have taken the position that if the need for such a broad program arises, an essential first step would be the operation of a limited number of experimental programs to test alternative operating and administrative techniques.

Programs of this type, which are designed to expand domestic food markets as well as to improve the diets of selected groups, should be closely related to price support and supply adjustment programs. In view of this, we believe that several of the major provisions of S. 627 should be revised. If hearings are held on S. 627, we would like an opportunity to comment in more detail on the following:

1. The need to relate the value of the food certificates provided to the kinds and amounts of surpluses available and to the participant's normal expenditures for food;

2. The criteria to be used by the Secretary of Agriculture in designating foods as in surplus supply; and

3. The desirability of adding a provision that the level of assistance or benefits received by participants shall not be reduced by reason of the distribution of surplus food certificates.

The amount of section 32 funds available, together with the legislative limitations on their use, would preclude reliance on such funds to finance the program authorized by S. 627.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

EARL L. BUTZ,
Acting Secretary.

Senator KERR. Mr. Chairman, I would like to put an insertion or two in the record. I would like for the record to show amendment to H. R. 7225 sponsored by myself and other Senators. Note the fact that this is the same as the provisions of S. 627.

(The Kerr amendment referred to is as follows:)

[H. R. 7225, 84th Cong., 2d Sess.]

AMENDMENT Intended to be proposed by Mr. KERR (for himself, Mr. FREAR, Mr. CLEMENTS, Mr. MANSFIELD, Mr. DWORSHAK, Mr. LANGER, Mr. HILL, Mr. SMATHERS, Mr. WILEY, Mr. ELLENDER, Mr. CHAVEZ, Mr. KEFAUVER, Mr. LONG. Mr. EASTLAND, Mr. YOUNG, Mr. SYMINGTON, Mr. JOHNSTON of South Carolina, Mr. MONRONEY, Mr. MCCLELLAN, Mr. DOUGLAS, Mr. HUMPHREY, Mr. SPARKMAN, and Mr. STENNIS) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new title:

TITLE III—USE OF SURPLUS FOOD TO PROVIDE SUPPLEMENTARY BENEFITS FOR RECIPIENTS OF PUBLIC ASSISTANCE AND OTHER NEEDY PERSONS

SEC. 301. This title may be cited as the "Surplus Food Certificate Act of 1956".

STATEMENT OF PURPOSES

SEC. 302. It is the purpose of this title (a) to provide supplementary benefits for individuals receiving assistance (1) under the programs of old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally dis-

abled provided for in titles I, IV, X, and XIV of the Social Security Act, (2) under the unemployment compensation laws of any State, and (3) under the programs of public assistance of any State or political subdivision thereof; (b) to provide benefits for certain needy individuals not receiving public assistance; and (c) at the same time to provide for increased domestic consumption of surplus agricultural food products by establishing a program under which the monthly benefit payments of individuals receiving such payments will be supplemented, and, in the case of individuals not receiving public assistance, aid will be extended, through the issuance of certificates which may be transferred to retail food product dealers in exchange for surplus agricultural food products at prevailing market prices and which shall be redeemed at face value by the United States upon presentation by authorized transferees.

DEFINITIONS

SEC. 303. As used in this title—

(a) The term "agricultural commodity" means any food product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, food products of livestock and poultry, and honey.

(b) The term "surplus agricultural food product" means an agricultural commodity specified in an announcement made by the Secretary of Agriculture under section 304, which is in a form suitable for human consumption, and includes any food product processed or manufactured in whole or substantial part from any such commodity.

(c) The term "State" includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(d) The term "Secretary" means the Secretary of Health, Education, and Welfare.

SURPLUS AGRICULTURAL COMMODITIES

SEC. 304. The Secretary of Agriculture is authorized and directed, for the purposes of this title, to determine and announce for each month the agricultural commodities with respect to which supplies exceed domestic demand to such an extent as to depress the market price below the parity price thereof.

ELIGIBILITY FOR SURPLUS FOOD CERTIFICATES

SEC. 305. (a) The following shall be eligible to receive surplus food certificates for any month:

(1) Every individual who is a recipient of assistance or benefits for such month under the programs of old-age assistance, aid to dependent children, aid to the blind, or aid to the permanently and totally disabled provided for in titles I, IV, X, and XIV, respectively, of the Social Security Act.

(2) Every individual who is a recipient of unemployment compensation benefits for such month from any State.

(2) Every individual who is the recipient of financial assistance for such month provided for the needy by any State or political subdivision thereof.

(4) Every needy individual with respect to whom the Secretary has received a certification for such month from the welfare or public assistance agency of a State or political subdivision thereof under an agreement entered into pursuant to subsection (b) of this section.

(b) The Secretary is authorized to enter into agreements with the welfare or public assistance agency of any State or political subdivision thereof whereby such agency shall certify to the Secretary, under regulations to be prescribed by the Secretary, the names of individuals of such State or political subdivision who are in need of public assistance but are not eligible for food certificates under paragraph (1), (2), or (3) of subsection (a), and the Secretary shall issue surplus food certificates to be distributed to such individuals.

ISSUANCE OF SURPLUS FOOD CERTIFICATES

SEC. 306. (a) The Secretary shall provide for the preparation of surplus food certificates for issuance to individuals eligible therefor under section 305. Such certificates shall be $10 in face amount and shall be in such denominations as the Secretary shall determine. They shall be issued monthly and shall be valid only with respect to purchases made during the month for which they are issued.

(b) Surplus food certificates shall be distributed by the Secretary, in the case of State agencies making payments to individuals under the programs referred to in paragraphs (1), (2), and (3) of section 305 (a), to the State agency making such payments, and, in the case of an individual eligible to receive surplus food certificates under paragraph (4) of such section, to the State agency which certified the name of such individual to the Secretary. Subject to such rules and regulations as may be prescribed by the Secretary, the elgibility of any individual for surplus food certificates shall be determined by the State agency making the payment by reason of which the individual is eligible for such certificates.

(c) Surplus food certificates shall not be transferred except as provided in this title, and shall be valid only with respect to purchases made by or on behalf of the person to whom they are issued.

REDEMPTION OF SURPLUS FOOD CERTIFICATES

SEC. 307. (a) The Secretary shall provide for redemption, through the cooperation of banking institutions throughout the Nation, of surplus food certificates. For such purposes, he shal designate banking institutions which shall be authorized to accept such certificates from sellers of food products at retail. Institutions so designated shall pay at the time of presentation in cash or by credit to a demand deposit the full value of all surplus food certificates presented to them.

(b) Banking institutions accepting surplus food certificates may present to the Secretary, or such other agency as the Secretary may designate, evidence of the deposit with them of surplus food certificates presented by retail sellers of food products, together with appropriate vouchers. Such evidence of deposit and vouchers shall be considered complete documentation for payment and payments may be made thereon.

(c) The Secretary may advance moneys to banking institutions, where such action appears necessary, to provide funds for the redemption of surplus food certificates. Such advances shall be accounted for by such banking institutions at least monthly.

(d) The Secretary may contract to pay banking institutions designated to receive surplus food certificates a charge determined by the Secretary to be reasonable for the services rendered in acting as such depositories.

SEC. 308. The Secretary may, from time to time, issue such rules and regulations as he deems necessary or proper in order to carry out the purposes and provisions of this title.

CRIMINAL PROVISIONS

SEC. 309. (a) Whoever shall falsely make, alter, forge, or counterfeit or cause or procure to be falsely made, altered, forged, or counterfeited any surplus food certificate or certificate similar thereto for the purpose of obtaining or receiving, or of enabling any other person to obtain or receive, directly or indirectly, from the United States or any of its officers or agents, any money or other thing of value, and whoever shall transfer or utter as true, or cause to be transferred or uttered as true, any such false, forged, altered, or counterfeited surplus food certificate or certificate similar thereto, with intent to defraud the United States, or any mercantile establishment, banking institution, or person, shall, upon conviction thereof, be fined not more than $5,000 or imprisoned not more than ten years, or both.

(b) Any person not being so authorized by this title or the regulations issued pursuant thereto, who shall have surplus food certificates in his possession or under his control, or any person who shall use, transfer, or acquire surplus food certificates in any manner not authorized by this title, or the regulations issued pursuant thereto, or who shall buy, sell, or exchange surplus food certificates without being authorized to do so by this title or regulations issued pursuant thereto shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than one year, or both.

SEC. 310. The Secretary shall make an annual report to Conrgess describing the operations of the surplus food-certificate plan and such report shall include information with respect to the following: The number of individuals entitled to receive such certificates; the extent to which such plan has been effective in improving or maintaining health; the effect of such plan on the expenditure habits of recipients of such certificates; the extent to which such plan increases

the consumption of agricultural products; the benefits derived from the plan by wholesalers, retailers, processors, and producers of agricultural products; the extent to which such certificates have been improperly used, and the amount and type of administrative expenditure incurred in carrying out such plan.

SEC. 311. The Secretary of Agriculture is authorized to transfer to the Secretary for use in carrying out the provisions of this title, funds made available under section 32 of the Act of August 24, 1935 (Public Law Numbered 320, Seventy-fourth Congress), to the extent that the Secretary of Agriculture determines that such transfer will carry out the purposes of such section and to the extent that such funds may be so transferred without interfering with other programs under such section. There are hereby authorized to be appropriated such further sums as may be necessary to carry out the provisions of this title.

SEC. 312. Supplemetary benefits received under this title shall not be deemed to be income or resources for the purpose of sections 2 (a) (7), 402 (a) (7), 1002 (a) (8), and 1402 (a) (8) of the Social Security Act.

SEC. 313. The provisions of this title shall expire on June 30, 1957, except that the provisions of section 307 relating to the redemption of surplus food certificates shall continue in effect until December 31, 1957.

Senator KERR. I would like to insert in the record a statement by Senator Humphrey of Minnesota in support of this bill.

Let it be shown at this point in the record.

The CHAIRMAN. Without objection it will be inserted in the record.

(The statement submitted by Senator Humphrey is as follows:)

TESTIMONY ON FOOD STAMP PLAN AS AMENDMENT TO SOCIAL SECURITY, H. R. 7225, BY SENATOR HUBERT H. HUMPHREY

Mr. Chairman, I want to commend you for calling hearings on this vitally important amendment. Action by Congress has been too long delayed on some form of the food stamp approach supplementing the diets of low-income families, both from the humanitarian standpoint of proper care for our citizens and from the standpoint of the economic sense it makes in view of some of our current farm problems.

It is strange, indeed, for a great democracy like ours to be complaining about having too much food we don't know what to do with—and yet at the same time have problems of lack of adequate diet in our midst, as a result of lack of purchasing power.

It must look more than strange to other countries of the world. It must raise serious questions about our wisdom, our leadership, our ability to use the blessings bestowed upon us.

We should be mighty thankful that the age of nature-imposed scarcity is past. Mankind need not be doomed by Nature to starvation for a part of its people every year, if mankind is wise enough to make proper use of its resources and its productive know-how.

In the United States, the farm productive power is abundantly and efficiently available to easily provide a fully adequate diet every day for every person within our borders.

Yet we are talking in Congress about cutting down that productive power, while unfortunate people in our midst are going without the necessities of life.

Conscience calls for a better answer.

For years I have advocated use of a food stamp plan, both in periods of seriously depressed income and in periods of excess food production.

Along with Senator Aiken of Vermont, I have been cosponsoring for several years a domestic food allotment plan still pending before the Senate Committee on Agriculture and Forestry, with little chance of action because of the opposition of the Department of Agriculture.

That opposition is strange indeed. It is not based on the fact use of food stamps would not stimulate consumption, and mean greater total markets for farm products. It is based entirely on the selfish fact that the Department would prefer trying to physically move the commodities it owns, rather than stimulate consumption to the point it won't have to take over as much surplus in the future.

Certainly, the Department is endeavoring to move surplus to meet human suffering and need by making some of its supplies available to local welfare boards and groups that request them.

But the truth is that most county welfare agencies are not adequately equipped to handle physical stocks of foodstuffs, and welfare workers who understand the psychological as well as the physical needs of unfortunate people on public assistance know the advantage of trying to place such assistance programs on a better basis than a charitable handout of a package of beans or a sack of flour.

That's why we have developed social security programs, to replace breadlines and soup kitchens of the depression years.

Both from a standpoint of operating efficiency and morale of people being assisted, use of food stamps as proposed in this amendment is far simpler, far easier to administer, and far more effective than bulk distribution of food supplies. And do not underestimate the importance of trying to preserve the self-respect and bolster the morale of people finding it necessary to turn to public assistance. It is only by so doing that we maintain a chance to get them back on their feet as productive and self-supporting members of our society.

When people are subjected to extreme hardship through no fault of their own—widows, suddenly left with a housefull of children to take care of; orphans, with no means of support other than the public's conscience; the blind, the aged, and the unemployed willing to work if work is available—it is morally wrong for any society to condemn them to the degradation of begging for a handout, or place a stigma upon them for accepting public assistance. It is even more morally wrong for that to happen in this great United States of America, which so proudly boasts of being a Government with a heart, a Government interested in its people, a Government we parade before the rest of the world as an example of how the individual dignity of man should be respected.

Remember, the Constitution assigns as a duty to our Congress the responsibility to "promote the general welfare."

In caring for the less privileged in our midst, we are not only performing a humanitarian act but promoting the general welfare of our country.

When it appeared little action could be achieved in approaching this food stamp idea entirely from the standpoint of its benefits to agriculture—and I personally believe they can and will be tremendous—I was proud and privileged to join with the Senator from Oklahoma, Mr. Kerr, in developing and sponsoring the alternate legislation upon which this amendment is based. Many of our colleagues joined us as cosponsors.

While the original domestic food allotment plan was designed to do a more comprehensive plan of assuring adequate nutrition to all low-income families, our new approach was a more modified form of simply supplementing the aid being given those already certified as eligible for public assistance under the laws of our land, through distribution of food certificates good for a specified amount of food products which have been designated as in surplus supply by the Secretary of Agriculture.

In a period of severely depressed national income, I believe the former approach would have reached more people and been more effective. In a period such as the present, where we enjoy a relatively high prosperity yet have unfortunate people in our midst unable to share in that prosperity and at the same time are confronted with a related problem of excess food production, I believe the approach now before this committee is the soundest and wisest course.

We need no new certification of who is eligible and who is not.

We need no new administrative machinery. Every State and county already have established welfare departments through which the certificates would be issued.

The recipients would merely turn them in at the food stores of their choice, which in turn would deposit them with their own bank for redemption by the Government.

We would be making use of normal channels of trade for our food distribution, instead of trying to undertake the more costly procedures of physically handling bulk supplies of relief food stocks for direct distribution.

Every welfare official with whom I have consulted has expressed preference for the food-stamp approach.

Welfare boards in counties of Minnesota have overwhelmingly gone on record in favor of such a program as this amendment would make possible.

No one can contend that the meager pittances made available to persons on public assistance today are fully adequate to provide them with proper living

standards in accordance with conditions and living costs prevailing generally in our economy.

It is not and never has been my contention that use of food stamps should replace any of the cash assistance provided by law for designated categories of unfortunates. In fact, I want to emphasize that we should carefully guard against that happening. What our purpose has been, and still remains, is supplementing that minimum assistance with food certificates to make some better use of the abundant food supplies for which we do not now have a market in this country.

We must pay the bill one way or another. It makes sense to me to stimulate consumption of products in oversupply, at public expense, rather than later be compelled to have that same or more public expense involved in removing that surplus and storing it in warehouses.

Let's use our abundance to feed people, and at the same time to protect our agricultural economy. We can achieve both objectives without excessive costs. Most of the cost of any food-stamp plan would eventually be costs diverted from other farm surplus diversion programs.

I know that some may argue the benefits to agriculture may appear more indirect than unloading surplus supplies from our warehouses, yet I am convinced the benefits would be very real and more lasting by increasing purchase demands of the normal food trade, in the long run reducing the necessity for the Government to accumulate surpluses.

The food-stamp idea is particularly adaptable to stimulating consumption of perishable products like pork, beef, and dairy products, for which existing farm programs provide inadequate protection.

The country has been ahead of the Congress in accepting this idea. It just does not make good sense to most people to have shouts about "too much food" on one hand, then see problems of hardship among underprivileged people unable to buy adequate amounts of food in their own communities.

I believe that farm families overwhelmingly support enactment of the food stamp or similar program. They are convinced of its desirability not only because of the influence it would have in increased farm incomes. Farmers are convinced that food subsidies to low income consumers are morally right on two counts:

1. Farmers believe that to allow farm productive capacity or produced food to be idle or go to waste if there are hungry people who need it is morally wrong if this can be prevented in some manner that will not bankrupt farmers in the process.

2. Farmers believe that everybody in America ought to have enough to eat even though they are unable for some reason to earn enough income to pay for it.

Wallace's Farmer and Iowa Homestead has conducted a series of scientific opinion polls on this subject among farmers of Iowa; two of which were reported in the May 1, 1954 issue. In 1953, a scientific sample of Iowa farm people were asked the following question: "A dairy committee is recommending the following method of getting rid of Government supplies of butter and cheese. Issue stamps worth 50 cents on a pound of butter and 25 cents on a pound of cheese. Give stamps to folks on relief rolls, to hospitals, and to other institutions! What do you think of the proposal?"

On this the vote was:

	Republicans	Democrats	Total
	Percent	*Percent*	*Percent*
Good idea	65	69	66
Bad idea	21	17	20
Undecided	14	14	14

In 1954 the following question was asked of Iowa farmers: "Congress is considering a food stamp program which would turn food surpluses over to the unemployed and those now getting public assistance. Do you think this is a good idea or a poor idea?"

	Republicans	Democrats	Total
	Percent	*Percent*	*Percent*
Good idea	76	75	73
Poor idea	19	19	19
Undecided	5	6	5

The article concludes: "Farmers are apparently more interested in food stamps now than last year."

I would also like to present for the record a copy of an editorial from the March 6, 1954, issue of Wallace's Farmer and Iowa Homestead. Remember, this was 2 years ago. Headed "Hungry Old People," it said:

> Too many old people go hungry—even in the United States. Too many children don't get nearly enough milk or meat.
>
> The Nation really has no surplus problem in meat and dairy products, even though warehouses are full of canned beef, butter, cheese, and dried milk.
>
> The only problem is to get this food to people who need it and should have it.
>
> Remember that we know the names and addresses of about 8 million people in the United States who can't buy as much of this food as they need. These are the people who have no income except what they get from Federal social security, or from Federal-State old-age pensions, or from local relief.
>
> Many of these are older people. Older folks, to keep healthy, need more meat, fish, cheese, milk, eggs, than a lot of them are now getting. More protein and more calcium.
>
> What can be done about it? One easy step would be for Congress to adopt a part-way food-stamp plan. This could add a few dollars in stamps to the income of everybody now getting public assistance. These stamps could be used for dairy products, eggs, meat, fruit—the foods most needed.
>
> Such a step would cost more than the present storage problem, but it would put the food where it is needed. And it would stop the present nonsense of stacking up butter, cheese, and canned meats, without knowing what to do with it.

Two years ago, when this bill was introduced in its original form as S. 627, I presented on the floor of the Senate and had referred to this committee letters of approval and endorsement from the county welfare boards in Pope County, Cass County, Roseau County, Washington County, Hubbard County, Mille Lacs County, Anoka County, Nicollet County, Becker County, Hennepin County, Koochiching County, Freeborn County, Yellow Medicine County, Cottonwood County, and Sherburne County, Minn.

Mr. Chairman, a comprehensive study of Federal-State and local government relations and responsibilities was completed last year by a Presidential commission, the Commission on Intergovernmental Relations. The Commission was the outgrowth of a proposal I introduced in the Congress. I had the privilege of serving on it. It was ably headed by Meyer Kestnbaum, now assigned to the White House staff in the hope of implementing some of its recommendations.

In its report to the President, that Commission recommended use of the food-stamp plan by our Government for handling distribution of surplus foods through normal commercial channels.

Mr. Chairman, I would like to place in your hearing record that official recommendation of a Commission appointed by President Eisenhower, taken from page 164 of its report, with the heading, "Commercial Handling of Food Surplus Donations."

> It is recommended that the Department of Agriculture and the Department of Health, Education, and Welfare jointly explore the possibility of distributing surplus agricultural commodities through commercial instead of governmental channels.
>
> The Commission has not examined the agricultural price-support operations of the National Government. However, the Commission believes that so long as large stocks of foodstuffs continue to be acquired as a result of these operations, such foodstuffs should be made available for human consumption in preference to letting them go to waste. The Commission further believes that such donations and distributions should be accomplished with a minimum of complexity at all levels of government. At present, National, State, and local governments are deeply involved in the physical

handling of these foodstuffs, with accompanying complex intergovernmental fiscal and administrative relationships.

The Commission is of the opinion that intergovernmental relationships in this area would be greatly simplified if distribution of foodstuffs destined for donation to individual recipients could be effected through commercial channels, through some such device as a locally operated certificate plan. Such a device would replace present complicated and expensive intergovernmental transactions in physical foodstuffs with a system of clerical and accounting transactions confined to certificates and funds; in other words, it would substitute a "fiscal" system for a "physical" system.

Mr. President, we are quite rightly sending surplus food abroad to help the underfed and starving of other lands. We should be doing more of it, as an important arm of our foreign policy—an effective way of showing that our democracy is concerned with people, not just power.

We are going to be doing more with this weapon for peace in our foreign relations.

But I believe first of all we must explore new outlets at home among our own people.

We must seek to get the food needed to people who cannot afford to buy it. We must make food distribution part of our farm programs to assure outlets for the abundance we are capable of producing and the abundance that we will need in years to come. And we should make food certificate or stamp distribution part of our welfare program to supplement the ability of public assistance recipients to achieve adequate diets.

All this amendment provides is certificates valued at $10 per month for use in purchasing such supplies as the Secretary of Agriculture may designate as being in surplus supply.

Yet that can create a tremendous new market.

Eligible to participate would be present recipients of minimum assistance provided under the programs of old age assistance, aid to dependent children, aid to the blind, or aid to the permanently and totally disabled, plus those certified within their States as eligible for unemployment compensation benefits and others certified by State or local welfare or public assistance agencies as eligible for assistance provided for the needy by laws of such State and local political subdivisions.

Let me emphasize what this would do to our economy, contrasted to other surplus disposal plans.

The $10 added purchasing power for food would be provided for some 2,555,000 people now on old-age assistance, for 2,173,000 dependent children, for 105,000 blind, for 242,000 permanently disabled.

It would also be made available to the recipients of unemployment benefits, averaging 685,000 per week last year.

It would also be made available to an additional 297,000 persons now receiving State or local public assistance as needy persons, without Federal participation.

That means an added food purchasing power each month for some 6 million of our citizens.

Think what that will mean to our economy.

Stimulated consumption through normal trade channels would bolster farm income and add materially to our gross national product.

It would greatly expand the volume of business handled by our food stores, adding more growth to our national economy.

But most of all it would add immeasurably to the health and well-being of people—of the aged, the orphans, and the blind.

No one contends that a permanent answer to the farm problem is giving away food. This is a temporary situation. Our growing population itself will use up all the food we can produce if we keep our economy prosperous and expanding.

Yet it is an opportunity to both make wiser use of our abundance, and to help our underprivileged at the same time.

We cannot pass this opportunity.

We need action now, and this is the kind of action that will help.

We need this food distribution program not just for the sake of farmers, but for the sake of the aged, the needy children, and the disabled. We need it to assure adequate diets for the less fortunate in our midst.

Can we long maintain our position as an example, holding forth our shining light to the rest of the world, if we complain about abundance while letting our own people go hungry?

Let us show that we care about peoples' stomachs. Let us be just as interested in full stomachs as we are interested in full cartridge belts. Let us take the constructive course of putting our food to use, rather than upsetting our farm economy by trying to make farmers quit producing while people in our own country lack enough to eat.

Senator KERR. And a statement by Senator Monroney of Oklahoma in support of this bill, and let it be shown as a part of the record.

The CHAIRMAN. Without objection it is admitted.

(Statement submitted by Senator Monroney is as follows:)

STATEMENT OF SENATOR A. S. MIKE MONRONEY BEFORE THE SENATE COMMITTEE ON FINANCE IN SUPPORT OF THE FOOD CERTIFICATE AMENDMENT OF THE SOCIAL SECURITY BILL, H. R. MARCH 5, 1956

We have stored in our national pantry vast quantities of surplus food and fiber. At the same time, hundreds of thousands of our citizens with low incomes are unable to maintain an adequate standard of living because of high prices and decreased purchasing power of the dollar.

Many ways have been tried to solve these problems, but thus far none has been entirely satisfactory. It is my firm belief, however, that adoption of the food certificate amendment now before this committee will aid materially in the solution.

The Social Security Act is one of the greatest, if not the greatest, advances in social progress ever made. It has made it possible for the retired worker, dependent children, the blind, and the permanently and totally disabled to live with a dignity that would not otherwise have been possible. But we can do more for these people and for those who must of necessity receive unemployment compensation, for those needy persons who receive welfare or public assistance from the States, and for those who cannot qualify for assistance of that type.

We can help them in their economic struggle by making available a part of the food and fiber from our national pantry by issuing certificates to be exchanged at grocery and other stores for those commodities which are deemed by the Secretary of Agriculture to be surplus to our needs.

The mistaken idea has arisen in some quarters that the face value of these surplus commodity stamps would be deducted from the recipient's other benefits. Certainly such is not the case. The amendment specifically states that the proposed program would supplement monthly benefit payments.

It would be of little help to deduct the value of the stamps from monthly benefit payments, thus further reducing an already limited income. Instead, the dollars which would otherwise be used to purchase high-priced commodities—even though they are considered to be surplus—can be used to purchase other things which have been foregone in the struggle to make ends meet.

In this way we can help increase the standard of living and increase domestic consumption of surplus food and fiber products. At the same time, we will make a healthy dent in our surplus stores about which the administration has expressed such alarm and called the root of all our farm problems.

This is a land of plenty. There is plenty for everybody, and this is a wholesome means of putting it where it is needed most and will do the most good. We can help raise the standard of living, reduce the surpluses which depress market prices below parity, and reduce the storage costs on surplus commodities. No large corps of public servants will be needed to administer the program, and I would venture a guess that the distribution costs would be far less than the annual out-of-pocket storage costs.

Adoption of this good certificate plan will help the needy, it will help the farmer, it will help the merchant, and it will help the country.

I am so thoroughly convinced that this one amendment offers so much in the way of solving problems on a broad front that it may well prove to be the most important provision of the bill now under consideration. I strongly urge its adoption by the committee. It is a matter upon which the entire Senate should be allowed to pass.

The CHAIRMAN. The first witness is the Honorable Gracie Pfost, Congresswoman from Idaho.

We are delighted to have you.

Mrs. PFOST. Thank you, Mr. Chairman.

STATEMENT OF HON. GRACIE PFOST, A REPRESENTATIVE IN CONGRESS FROM THE FIRST CONGRESSIONAL DISTRICT OF IDAHO

Mrs. PFOST. Mr. Chairman and members of the committee, my name is Gracie Pfost and I am a Member of Congress from Idaho.

I am here to support the food certificate amendment introduced by the distinguished gentleman from Oklahoma, Senator Kerr, for himself and 22 other Senators. I am taking the time of this busy committee to express my views only because this fine amendment was not before the House and my appearance here is the most effective way I can express my strong approval of it.

As this committee knows, the amendment provides that a $10 certificate be given each month to all persons on old-age assistance, dependent children, the blind, the disabled, and others who may be on public assistance rolls.

This $10 certificate will be cashable at retail stores for merchandise, the major portion of which is comprised of an agricultural product declared to be surplus. This might include wool or cotton goods, if in surplus supply, as well as food.

Senator KERR. May I interrupt right there?

You see I will offer an amendment to the bill so that it will read instead of just food, food and fiber, which include the cotton and the wool.

Mrs. PFOST. Thank you, Senator Kerr. Wool is an important industry in my State of Idaho and I feel it definitely should be included in your amendment.

The certificate will provide $10 per month over and above any present benefits the recipients are now receiving, and no State or Federal Government agency will be allowed to proportionately reduce any benefits now being awarded.

In my estimation, gentlemen, this amendment is one answer to the brutal paradox we have in this country today—a surplus of agricultural products on the one hand which is helping to pauperize some 5 million farm families, and 7 million American families on the other hand with incomes so low that many of them go to bed hungry.

It has never made sense to me—and it never will—to have surplus foods piling up and deteriorating in warehouses while American citizens—young or old—are denied enough food for good health. There should be a practical way of getting this food out of the warehouses and on to scanty American dinner tables—and the Kerr amendment is one way to do it.

I have long held the opinion that there were many advantages in a stamp plan or certificate-type of distribution of food to those in need. The present system of collecting and distributing surplus foods to the needy is often clumsy, inefficient and time-consuming. I am not saying this in criticism of those administering the program—many difficulties are inherent in the system.

It seems obvious to me, however, that distribution could be tremendously simplified by making the products available through regular retail channels. This would reduce the amount of administrative and distributive machinery necessary, and reduce costs.

It would take the surplus commodity program out of competition with established retail stores. It would bring more trade into the

hands of the grocer and retail merchant and thus increase their incomes.

Most important of all, however, it would make it possible for all of those who were eligible for certificates to secure their extra food and merchandise with the same consideration and courtesies which other citizens receive from merchants.

I have always been unhappy at the thought of American citizens standing in long lines to receive surplus food. Establishing and holding the essential dignity of every human being is the benchmark of a democratic society.

The use of the certificate plan would eliminate much of the social stigma which people on relief now feel is attached to them—it would restore to them that God-given human dignity which is their right.

I doubt that there is any serious disagreement on the basic wisdom of using our agricultural abundance to increase the food consumption and the economic well-being of our needy, of our senior citizens, of our sick and our blind.

Such action is not only humanitarian, but it is economically sound. It would give a direct lift to our farmers whose hard work and improved farming methods have piled up surpluses which are depressing farm prices.

It would give additional income to our food processors and handlers, and to our retail grocers and merchants. It would move goods out of warehouses where taxpayers are paying storage on them and into consumption channels.

It would mean increased local and national income and increased local and national tax revenues. All of these factors would in a very real sense compensate for the cost of the certificate plan.

Take my own State of Idaho, for example. Mr. Bill Child, State welfare commissioner, reported to me on Friday that there are 11,479 people now receiving public assistance payments in Idaho. If a $10 certificate was given monthly to each of these people, and spent at local retain stores, it would be the equivalent of an additional $111,000 pouring into business establishments in the State. That would give a real boost to our economy to say nothing of the boost it would give to the morale and living standards of the people on public assistance rolls.

I want to put a word in here about appropriations for the implementation of this program.

By no means should any costs be charged by the farm price-support programs. The costs of these programs have already been grossly exaggerated, and in some cases unnecessarily magnified by bad management in the Department of Agriculture.

As a result, a misinformed public has to some degree been persuaded that these price-support programs have become a personal burden to the city consumer. This, of course is not true.

But what we all known to be true is that if farm income is allowed to continue to fall, and the buying power of the farm family continues to go down, the hard times on the farm are likely to spread into hard times for us all.

Frankly, I would like to see a broader type of food and fiber stamp plan put into effect—one which would reach even more than the 7 million low-income people in our country.

I would like to reach all of our people who are undernourished and hungry, or whose clothing standards are inadequate. It is most unwise, in my mind, to allow an unemployed man and his family to go without proper food, even though they may be able to skimp along and not ask for public assistance.

Nor is it right to let our many senior citizens who are not on public assistance rolls—but whose incomes have shrunken to the extent that they cannot make ends meet—suffer for the lack of good nutrition.

Surely a nation which boasts so highly of its great industrial genius can find a solution to these pressing human problems.

However, until such time as a broader program can be put into effect, I welcome the kind of program outlined in the Kerr amendment, and urge the members of this committee to adopt it. To me it is a sensible approach to a double-edged problem—an abundance of food on the one hand and American citizens without proper diets on the other.

And now, thank you, gentlemen, for your courtesy in giving me this time to testify. I very much appreciate it.

The CHAIRMAN. Thank you, Mrs. Pfost. We are glad you could come here. We hope to see you again soon.

Mrs. PFOST. Thank you.

The CHAIRMAN. Any questions?

Thank you very much.

The Honorable Leonor K. Sullivan, Congresswoman from Missouri.

STATEMENT OF HON. LEONOR K. SULLIVAN, A REPRESENTATIVE IN CONGRESS FROM THE THIRD DISTRICT OF MISSOURI

Mrs. SULLIVAN. Mr. Chairman and members of the committee:

First, I would like to express my appreciation to the busy Senators on this important committee for setting up this special hearing on the idea of adding a food-stamp plan as an amendment to the social security bill now pending before you.

I have noticed in the daily schedule of congressional hearings that this committee has been at work for many weeks on the social security bill, and I imagine you are all beginning to feel a little weary about H. R. 7225, the social security bill.

On the other hand, I am sure you also feel very acutely the importance of this bill to millions of our fellow citizens, particularly those who would become eligible for social-security benefits before they reach 65, if the bill becomes law in the form in which it passed the House last year.

Of course, in my coming here today to testify, I am asking that you improve the bill even more than we did in the House last year, and particularly by adding a provision for the establishment of a food-stamp plan to distribute some of our vast stocks of surplus food to needy Americans.

I think I should point out that in the 2 years or more in which I have been actively seeking to have a food-stamp plan enacted, I have introduced a bill which differs quite substantially from the one introduced by Senator Kerr and his 22 cosponsors, including Senators Frear, Smathers, and Long of this committee. The Kerr bill, of course, is the one which is officially before you today as a proposed amendment to H. R. 7225.

Since my bill is so very much different in details—although not in objective or spirit—I want to make clear that I am most anxious to see a bill enacted on this subject, and the sooner the better. The important thing is to move some of this gigantic mountain of surplus food out of warehouses and into the kitchens and onto the tables of American families not now receiving enough to eat, and certainly not enough of the right foods.

There is no reason for anyone in America to go hungry. And yet we know that the families on general assistance in our States and cities, and those on old-age assistance, or receiving aid for dependent children, are not provided with enough money to enable them to maintain even a minimum decent diet. I have received letters from many such families. Those letters tear at your heart. It is a little hard for such families to feel much concern about Secretary of Agriculture Benson's problems involving too much food when they are not getting enough food.

As I said, the bill I have written on this subject—and which, unfortunately, has been languishing in the House Committee on Agriculture—adopts a much different approach from the Kerr bill. My bill provides for the distribution by the Department of Agriculture of surplus foods which it has on hand or which it purchases under a variety of programs now in effect. The Kerr bill would not touch the surpluses as such—I mean those in Government possession—but would provide for distribution through the grocery stores of any food declared by the Secretary of Agriculture to be in surplus.

Naturally, that would offer a much wider variety. I am interested in the practical—in what can be accomplished. Therefore, if the Kerr bill were agreed to by this committee and by the Senate as an amendment to the social security bill, I would be delighted to support it and to urge House concurrence in your amendment to the House bill on social security.

At the same time, I would ask you to keep in mind that if the provisions of the Kerr bill do not win your acceptance on the grounds of cost to the Government—and believe me, I am not suggesting you turn it down on that basis or any other basis—but if it does not win your acceptance on grounds of cost, then I sincerely ask that you still adopt a food-stamp plan for the distribution of Government-held surpluses.

In other words, with the food already in Government possession in such tremendous volume—food already paid for and which could be distributed cheaply—cost would not be a serious obstacle. We must devise an intelligent plan for getting this food to Americans in need. I just cannot imagine why the Department of Agriculture itself has not come forward with some practical plan—a nationwide plan—for distributing surplus foods to our poor.

Senator KERR. May I ask you a question there?

Mrs. SULLIVAN. Yes.

Senator KERR. You are familiar with the repeated statements by the Secretary of Agriculture that he is attempting to dispose of this surplus abroad?

Mrs. SULLIVAN. That is right.

Senator KERR. Just recently he talked some about doing what in effect would amount to dumping 5 million bales of surplus cotton on to the world market at what it would bring.

That cotton is in our Commodity Credit Corporation warehouse at a cost of three-quarters of a billion dollars.

Doesn't it appeal to you that a far better way to utilize that would be in the form of benefits to those in this country in the lowest stratum of our economy, with the greatest need for the products even of cotton as well as food, than to try to dump it on the world market?

Mrs. SULLIVAN. I certainly agree with you, Senator. I have been impressed by how much enthusiasm there is all over the country for this type of bill. Every since I introduced it in the last Congress and again in this Congress, I have been receiving letters urging use of our surplus food to help the needy. Some of them have suggested we put in cotton and some of these other things, so I am delighted to see that you are offering that idea in your amendment.

Senator KERR. Thank you.

Mrs. SULLIVAN. True, there is a surplus disposal plan presently in operation, but in my judgment it is a sorry excuse for the kind of plan we really need. The Department of Agriculture seems to feel that its only responsibility in this matter is to dump or get rid of as much food as possible in the quickest bulk distribution manner possible without actually dumping the food in the ocean.

In its work over the years on social-security legislation, this committee knows that we have in this country a hard core of poor—really impoverished—Americans. They are the people who benefit from various programs other than the old-age and survivors' insurance program of social security. You are familiar with their plight. You know they are people who cannot get along on the grants they receive. You also know that those on general assistance in the States—for which no Federal funds are made available—are in even worse straits.

These are the people who most need the added calories in their diet and the added nutrition which could come from a food-stamp plan for surplus food.

At present, we use a lot of this food in the school-lunch program, and that is just fine. We use some for grants to charitable institutions. We shipped as much as half a billion pounds overseas in a 6-month period, that would be at the rate of a billion pounds a year, going to needy persons in 70 foreign countries. Wonderful! But that is about four times as much as we distribute to needy persons in the United States under our present hit-and-miss, limited program now operating in certain areas of 37 States, ranging from the 462 eligible persons in Wyoming to the 877,512 eligible persons in Pennsylvania.

Senator KERR. May I ask the source of that figure?

Mrs. SULLIVAN. The Department of Agriculture.

Senator KERR. 877,000 eligible in Pennsylvania?

Mrs. SULLIVAN. In Pennsylvania, yes, sir. I have it here. The United States Department of Agriculture release of January 17, 1956, has those figures.

Senator KERR. Thank you very much. I wonder if you would leave a copy of that with us?

Mrs. SULLIVAN. It is my only copy, Senator, but it is a Department release. It is dated January 17, 1956.

Senator KERR. Thank you.

Senator CARLSON. May I inquire what the eligibility tests are in those situations?

Mrs. SULLIVAN. Any State or municipality operating through its State agency can go to the Department of Agriculture if they have a lot of unemployment and arrange to get some of this food for distressed people. But the States themselves must arrange for and pay for the distributing of it. It can be quite an expensive proposition that way, for even a limited distribution program. I am informed it is not satisfactory at all.

Actually, millions of American families should be participating in such a plan—as they would if there were a nationwide, practical, well-organized food-stamp plan in effect.

For $1, through CARE, one can provide for the shipment of 22 pounds of surplus food to go abroad, packaged in 3 No. 10 cans. The wonderful CARE organization handles the repackaging into containers suitable for overseas shipment, but the food and much of the cost of shipping it is underwritten by the Government in those cases where the shipments go to countries participating in International Cooperation Administration programs. I am not here to say we should cut that sort of thing out. By no means.

But I do say that we must also attack hunger in the United States—we have the opportunity to outlaw hunger in the United States.

I urge upon you then, aside from any of the technicalities of distribution, aside from whether it should include all surplus foods through the regular channels of trade or just Government held surpluses, aside from whether we include cotton or not as a surplus for food stamp distribution, aside from whether or not the Agriculture Department or the Department of Health, Education, and Welfare has primary responsibility in the program, aside from any of these technical considerations, that we enact legislation to create a food-stamp plan which would automatically aid all families on old age assistance, all those on general assistance, and any other impoverished Americans in need of this food which we have in such abundance and which they can not afford to buy in proper amount and variety.

By adding such a provision to the social security bill, this committee of the Senate would be giving a new dimension and a new significance to one of the greatest social programs in our civilization, that is, the social security program.

The Senators on this committee already know what social security aid programs—aside from OASI—have meant in every community where they operate. The extreme poverty which leads to hunger and malnutrition, however, while obsolete and out of date and tragically unnecessary, still exists in our midst. Let us end it once and for all.

The CHAIRMAN. Have you got a total of those you would consider eligible?

Mrs. SULLIVAN. Throughout the United States I have not, Senator. I have found it in my own State of Missouri, and I know that it is easily obtained.

In Missouri we receive no surplus food, but we do have 173,000 people on our welfare rolls now receiving State assistance.

Senator KERR. The Senator has asked of the number that are eligible, and it would include those of the aged on assistance.

Mrs. SULLIVAN. That is right, also those receiving aid to the blind.

Senator KERR. Dependent children, the blind and disabled?

Mrs. SULLIVAN. That is right; and also those on general assistance, plus any families really in need, in the view of welfare authorities, but ineligible for relief because of technicalities of State or local law.

Senator KERR. I am sure that we will have those figures now, Senator.

I notice here that the number of persons eligible for food, according to this release of the Department of Agriculture, in the United States is 2,707,000 and 2,253,000 actually are recipients of surplus foods.

Mrs. SULLIVAN. Pardon me, Senator, isn't that just from the 37 States which have been participating in the present program?

Senator KERR. That is right, and the largest amount is from Pennsylvania where 677,000 are receiving it, as you say, down to the——

Mrs. SULLIVAN. I think 400 or so, as I remember, in Wyoming. As I understand it that does not include those eligible under the food-stamp bill but only those in the areas in those particular States which actually participate.

(The matter referred to is as follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 6, 1956.

HON. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington 25, D. C.

DEAR SENATOR BYRD: During the course of my testimony yesterday before the Senate Committee on Finance on the proposed food-stamp amendment to the social security bill, you asked me for a figure on the number of persons who would be eligible for surplus food under the kind of food-stamp plan which I have suggested. I did not have the information for the country as a whole, but I did have the figure of 173,000 people on our welfare rolls in Missouri who would be eligible.

After returning to my office, I felt that the figure you requested should be available and should certainly be made a part of the record of your hearings. Consequently, I inquired of the Department of Health, Education, and Welfare to determine the approximate number of people in the United States who would be eligible for food stamps under the criteria in my own bill, H. R. 5105, and also under the criteria of Senator Kerr's amendment to the social security bill. I was given these figures:

1. Persons on old age assistance	2,552,832
2. Persons receiving benefits under the aid to dependent children	2,193,215
3. Persons receiving benefits under aid to the blind programs	104,858
4. Persons receiving aid to the permanently and totally disabled	244,007
5. Persons receiving general assistance (314,000 cases with an estimated total of—)	740,000

The total of persons, then, automatically eligible for food stamps under the proposal now pending before your committee, as of December 1955, according to the Department of Health, Education, and Welfare, would be 5,834,912.

In addition, under my bill and also under Senator Kerr's amendment to the social security bill, an unknown but probably small additional group would be eligible consisting of persons in actual need of welfare assistance but ineligible for such assistance because of State or local law. For instance, in my own State of Missouri, general assistance cannot be provided any person who is employable even if unable to obtain employment. There was a substantial number of unemployed in Missouri in 1954, including many persons who were quite destitute but nevertheless still ineligible for relief because of that provision of our law. The food-stamp bill, however, would make such persons eligible for surplus food upon proper certification of need.

Not included as such in the figure of 5,834,912 are the 7,900,000 persons receiving benefits under the old-age and survivors insurance program. Unless they were also receiving welfare assistance under 1 of the 5 programs enumer-

ated above, they would not be eligible for food stamps under the bill as written.

I would appreciate it very much if this letter could be made a part of the record, and I apologize for not having had the exact figures on eligible persons at my fingertips when I testified.

Sincerely yours,

LEONOR K. (Mrs. JOHN B.) SULLIVAN,
Member of Congress, Third District, Missouri.

The CHAIRMAN. Any questions?

Thank you very much.

The next witness is the Honorable Martha W. Griffiths, Congresswoman from Michigan.

STATEMENT OF HON. MARTHA W. GRIFFITHS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mrs. GRIFFITHS. Thank you, Mr. Chairman and members of this committee. I am very happy to have this opportunity to appear here.

I represent the 17th District of Michigan and I would like to file a prepared statement with you, but I believe I can answer your last question.

In that statement it shows that there are presently 16,271,834 persons receiving some form of public assistance who would directly benefit from a food-stamp program.

I would like to say also in response to Senator Kerr's question——

Senator MARTIN. Mr. Chairman, what is the authority for that statement, 16 million?

Mrs. GRIFFITHS. I believe this is from the Department of Health, Education, and Welfare, sir.

The CHAIRMAN. You would regard that as the number that would be available, eligible under this?

Mrs. GRIFFITHS. It is a minimum number.

I would like to say also in response to Senator Kerr's question that there are not only Members of Congress who realize that this assistance should be made available in their constituencies, but there are many members within their constituencies who understand it.

I represent a wealthy district, but I have had many letters on this food-stamp program, and there has been unquestioned support.

I would like to read an editorial from one of our local newspapers saying:

We are now sending overseas portions of the $8 billion worth of food that has accumulated as a result of the Federal Government's price-support program. Feeding hungry Europeans and Asiatics is commendable charity. Religion and humanity alike shrink from the cruel indifference that could let food pile up and rot in American warehouses while people starve in other parts of the world. There is even less justification for not channeling this surplus food to the needy in our own country. Charity begins at home. We hope Congress will act favorably on this eminently sensible proposal.

As a Representative of a big-city district, I would like to point out that I would personally oppose vigorously any program that in any way hurt the farm market, but in my judgment this program within this amendment will not hurt the farm market.

The people to whom this food would be made available are not people who would themselves buy the food if it were not so made available.

And now I would like to introduce two really expert witnesses that I hope you ask all of the administrative questions that you can think

of: Daniel J. Ryan, who is the head of the welfare department in Detroit, who has had a great deal of experience in this, and only a recent difficulty with Mr. Benson in our attempt to supply to Detroit a greater part of this surplus; and Mr. Earle Fitzgerald, who is from the food industry in Detroit, the executive secretary of the food industry, who was the director of the OPA and who was incidentally an employer of Senator McNamara in that department.

Both of them have had a great deal of experience with the stamp program, and they can tell you from an administrative standpoint exactly how it will work.

Senator KERR. Will you give us the breakdown of the figure you gave, the 16 million?

Mrs. GRIFFITHS. Just a minute, I think that I have it here.

On old-age assistance there are 2,554,696 persons. On aid to dependent children there are 2,173,302. On blind there are 104,717, disabled 242,119, general welfare 297,000, old-age and survivors insurance 8 million; unemployed 2.9 million.

The CHAIRMAN. Any further questions?

Thank you very much.

Mrs. GRIFFITHS. I have here also within this statement the amount of money that it costs to feed an adequate diet for 2 persons, a family of 4 and a family of 4 with school-age children so that it is available.

The CHAIRMAN. That will be put in the record.

Mrs. GRIFFITHS. Yes, I will leave it for the record.

(The prepared statement submitted by Mrs. Griffiths is as follows:)

TESTIMONY BEFORE SENATE FINANCE COMMITTEE BY CONGRESSWOMAN MARTHA W. GRIFFITHS, MONDAY, MARCH 5, 1956

Mr. Chairman and members of the committee, my name is Martha W. Griffiths and I have the privilege of representing the 17th District of Michigan in the House of Representatives.

At the outset I wish to express my appreciation to the committee for the opportunity to present my views on a subject of importance to all Americans. I wish, too, to commend the committee for the thorough examination being given the legislation at hand.

I am here as an enthusiastic supporter of the proposed food certificate amendment to the social security legislation presently before the committee.

I am not a subscriber to the proposition that the mere existence of food and fiber in storage is a national liability. On the contrary, these stocks should be looked upon as a vital national asset with unlimited potential.

What, you may properly ask, is my interest, representing city residents, in a farm food-disposal program?

First, the taxes of my constituents, as well as those of all taxpayers, have contributed to pay the bill for the purchase and storage costs of the farm commodities.

But now some of these very same people find that they cannot afford enough of the right kind of food for adequate diets—foods for which they already have partly paid.

Let me make one point emphatically clear in connection with my support of this legislation. I would not support any commodity-disposal program if I felt it would in any way interfere with the already distressed farm markets. I would be among the first to object vigorously to any program which in any way added to the problems now confronting our farmers.

But in my judgment this food certificate program will not infringe upon established markets. It will, however, allow for a more orderly use of our abundant food stocks, directly benefiting millions of our own people.

In addition to support from city representatives like myself, this program is also endorsed by farm area members of Congress and farm organizations. This

is proof, if any were needed, that there is no division of interest between farm and city as some leading members of this administration would have you believe.

Instead of using the distress of agriculture to pit the farm against the city, this administration would better serve the public interest by cementing areas of agreement. We have no need in America for those who would disrupt closer farm-city ties in the interest of dubious political gain.

That is why I stress the common interest of city and farm people alike in a workable, intelligent, positive program to use our food abundance.

The food certificate plan is such a program. The Congress has, in fact, already endorsed its principles through the enactment of Public Law 480 of the 83d Congress. That law provided for the donation of surplus food commodities to needy people.

Unfortunately this program is limited both by the restrictive language of the act and narrow interpretations by the Department of Agriculture.

In addition to limiting the number of people benefiting from the program, the present arrangement involves cumbersome methods of distribution which have forced city and State agencies to go into the food business.

Present today are two gentlemen from Detroit, the first large American city to undertake the present food distribution program. They can tell you from the point of view of the city and private merchants, who have cooperated in the undertaking, the shortcomings of the present arrangement.

They are Mr. Daniel J. Ryan, superintendent of the Detroit Department of Public Welfare, and Mr. W. E. Fitzgerald, executive director of the food industry committee, whose merchant members have made their stores available as distribution points.

The enactment of the food certificate plan now before the committee would leave no doubt that it is the desire and intent of the Congress to feed those of our people who are underfed. In short, passage of this legislation would convert a dormant national asset to everyday benefits for millions of our people.

So that the record will be clear, I include some data showing the number of persons who would benefit from a comprehensive food certificate program.

These figures show that at least 16,271,834 persons presently receiving some form of public assistance would directly benefit from a food-stamp program.

In every instance the income per month, when other essential living costs are considered, does not provide enough money for an adequate, minimum cost diet as recommended by the Home Economics Bureau of the Department of Agriculture.

Program	Persons	Monthly income per person
Old-age assistance	2,554,696	$53.96
Aid to dependent children	2,173,302	$24.20
Aid to blind	104,717	$57.82.
Aid to disabled	242,119	$55.59.
General welfare	[1] 297,000	$53.64 per case.
Old-age and survivors insurance (OASI)	8,000,000	$59.50, wage earner. $104, couple $134, widow with 2 children.
Unemployed	2,900,000	

[1] Cases.

To make these income figures meaningful in terms of minimum diets recommended by the Department of Agriculture, here are the Department's estimates as of December 1955 of the money cost of an adequate diet.

Family size	Adequate diet	
	Low cost	Moderate cost
	Per week	
2 persons	$13	$16
Family of 4 with pre-school-age children	18	22
Family of 4 with school-age children	21	25

These figures make it clear these persons are in need of additional food. A person living on $53.56 per month in old age assistance, for example, should spend a minimum of $52 a month for food in the low cost plan. The remaining $1.56 in income is left presumably to cover other living costs such as rent, clothing, and medical expenses.

What has happened, of course, is that these individuals have been forced to reduce their food expenditures in order to eke out an existence from month to month.

It is not enough to say these people somehow should fend for themselves when they do not have the purchasing power to command an adequate diet. So long as we have the foodstuffs to provide an adequate level of nutrition, it is criminal and wasteful of our natural and human resources not to do just that.

A food-stamp program would accomplish this in an orderly, direct, relatively economical, and dignified manner.

In essence, the eligible person would be issued stamps or a certificate entitling him to certain quantities of food declared in excess of current needs. The certificate would be honored by the corner grocer and later redeemed by the Department of Agriculture.

There is another facet of this problem which is important and often misunderstood.

There is in fact, no real surplus in agricultural production until all of our citizens have all of the food nutritionally needed. What we do have currently is a state of under consumption of most of the basic crops.

The extent of our reduced consumption can be seen in these per capita figures comparing 1940 with 1955. While our population has increased tremendously in this period, food consumption has declined on a per capita basis.

Commodity	Consumption per capita (pounds)	
	1940	1955
Wheat	217	173
Corn	50 9	47 3
Rice	58	53
Butter	16. 7	9.2

Data furnished by the Agriculture Marketing Service, U. S. Department of Agriculture.

This marked decline in consumption is not an insignificant factor contributing to the excess of food commodities with which we are now confronted.

The food stamp plan will not of itself increase per capita consumption of food products. It will, however, provide the wherewithal for several million people to increase their food consumption, thereby helping themselves, the Nation, and agriculture. For this added consumption will come from our stocks of stored commodities.

Certainly we can agree that the strength of our Nation lies in large measure in an ever increasing standard of good health.

Nutrition experts and medical specialists have come to the conclusion that many of the ills of middle and senior years can be avoided or mitigated with proper food intake. Certainly, if we raise the health standards of our Nation, we will reap collateral benefits in many ways.

Not the least of which would be savings in medical costs for public assistance recipients—costs which are generally borne by local and State governments.

The immediate and long-range benefits to be derived from a broad and workable food-certificate plan are such as to command our best thought and serious consideration.

It is my earnest hope the committee will include a food-certificate program in the social security legislation now under study and that such a program will ultimately be enacted into law by this session of Congress.

To do less would be a tragic waste of national resources.

The CHAIRMAN. Mr. Ryan, do you wish to present your statement, sir?

Senator KERR. Do you have a copy of your statement, Mr. Ryan?

STATEMENT OF DANIEL J. RYAN, SUPERINTENDENT OF WELFARE OF THE CITY OF DETROIT

Mr. RYAN. I have a prepared statement which I would like to file, Senator, but I would like to make a few remarks in summary, in order to save time.

The CHAIRMAN. Without objection.

(The prepared statement submitted by Mr. Ryan is as follows:)

STATEMENT OF DANIEL J. RYAN, GENERAL SUPERINTENDENT, DEPARTMENT OF PUBLIC WELFARE, BEFORE THE SENATE COMMITTEE ON FINANCE ON SOCIAL SECURITY AMENDMENT

I am Daniel J. Ryan, general superintendent of the city of Detroit Department of Public Welfare. My appearance today before your honorable body is in connection with a proposed amendment to the Social Security Act. Specifically I refer to S. 627, which if approved, will "provide supplementary benefits for recipients of public assistance and benefits for others who are in need through the issuance of certificates to be used in the acquisition of surplus agricultural food products."

Since January of 1955, the city of Detroit, through its department of public welfare, has been engaged in the distribution of surplus food commodities to its needy citizens. These include not only cases receiving general relief, for whom our Department is responsible, but likewise persons eligible for and receiving old age assistance, aid to dependent children, aid to the blind, and aid to the disabled, whose needs are administered by the Wayne County Bureau of Social Aid. In addition, other needy eligible individuals not receiving assistance, are certified by us and include those receiving unemployment compensation benefits, other forms of social security and retirement benefits, and more recently the temporarily unemployed, part-time employed and low income families.

During the calendar year 1955 we distributed 3,545,563¼ pounds or 1,772⅔ tons of food valued at $1,376,483,23, detailed as follows:

Annual summary of serviced cases by food pounds and tons distributed—Period January 1955 through December 1955

Commodity	Pounds	Retail values in Detroit	Commodity	Pounds	Retail values in Detroit
Butter	775,341	$513,787.92	Rice	511,270	$100,096.90
Cheese	593,504¼	341,294.95			
Dry milk	678,910	173,669.15	Total	3,545,563¼	1,376,483.23
Shortening	457,554	95,009.77	Tons	1,772⅔	
Beans	533,984	152,624.54			

In the month of December 1955, surplus foods were distributed to 21,838 cases (families) representing 54,311 persons.

A summary statement of our costs for distribution of six surplus commodities during the year of 1955 is as follows:

ANNUAL SUMMARY OF DISTRIBUTION COSTS, ACCRUAL BASIS—JANUARY 1955 THROUGH DECEMBER 1955

Direct labor	$35,277.20
Supplies and expense	3,530.72
Printing	1,494.65
Distributors' fees [1]	104,976.58
Retail outlet fees [2]	27,340.35
Total	172,619.50

[1] Rates paid:
January 1955 through June 1955: $0.10 per case serviced per month.
July 1955 through December 1955: $0.15 per case serviced per month.

[2] Rates paid:
January 1955 through September 1955:
Butter—$0.03 per pound handled.
Cheese—$0.03 per pound handled in load; $.05 per pound cut and wrapped.
Dry milk—$0.02 per pound handled.
Shortening—$0.02½ per pound handled.
Beans—$0.04 per pound handled.
Rice—$0.04 per pound handled (available since March 1, 1955 only).
October 1955 through December 1955, flat rate of $2.25 per hundred pounds handled.

At the time we considered undertaking the distribution of surplus foods we were not at all satisfied with the program available to us. After 1 year's experience with the plan we are even less enthusiastic. The city of Detroit entered the program because of a desire to make surplus foods available to those in need and in the honest belief that one of the so-called stamp plans then under consideration of the Congress would be adopted. In this connection, the common council, the legislative body of the city, in January 1955, adopted a resolution urging the Congress of the United States to adopt legislation to permit the Department of Agriculture to again distribute surplus foods in the normal channels of business, through a plan which operated successfully at little expense in the past, and which was commonly referred to as the food-stamp or certificate plan. At about the same time a similar resolution was adopted by Michigan State Association of Social Welfare Boards. Copies of these resolutions are as follows:

RESOLUTION ADOPTED BY THE COMMON COUNCIL OF THE CITY OF DETROIT

Whereas the city of Detroit is presently engaged in the distribution of surplus food commodities to its citizens eligible for same; and

Whereas the only method of distribution offered by the Federal Govrenment requires the storing of such food commodities in a local warehouse and delivery of the same to an extremely limited number of retail outlets because of the complexity of the system; and

Whereas this method of distribution removes the activity from the normally accepted channels of business and precludes the participation of a substantial number of retail outlets; and

Whereas the plan in effect involves an excessive, needless expense to the taxpayers of the city of Detroit and of the State of Michigan; and

Whereas the United States Department of Agriculture heretofore had in operation a distribution system commonly known as the food-stamp plan wherein the Department of Agriculture issued food stamps which were exchanged for surplus foods at any participating retail outlet, and wherein the stamps were ultimately redeemed for the retail outlet by the Department of Agriculture: Now, therefore, be it

Resolved, That the common council of the city of Detroit urge the Congress of the United States to adopt legislation to permit the Department of Agriculture to again distribute surplus foods in the normal business channels through a plan which has successfully operated at little expense in the past and was commonly referred to as the food-stamp plan.

RESOLUTION ADOPTED BY THE MICHIGAN STATE ASSOCIATION OF SOCIAL WELFARE BOARDS

Resolved, That the board of directors of the State association of social welfare boards, on behalf of said association, endorse legislation for the reenactment of the food-stamp (or coupon) plan for the distribution of surplus commodities.

The present distribution system available to us is a most complicated and cumbersome one. It is inefficient, ineffective, and unnecessarily costly. The plan

puts the department of public welfare in the food business and removes the activity from the normal channels of business. This is the direct opposite of what we think the case should be.

At present the Department of Agriculture delivers commodities, free of cost, in carload lots to our distribution center. We determine eligibility of recipients for these foods and take full responsibility for all distribution. Our responsibility includes the provision of storage space, refrigeration, repackaging, establishment of retail outlets, and delivery of commodities to the same. The clerical duties involved are complex and totally unwarranted. In order to handle the number of persons involved, we have, through the splendid cooperation of the food industry of the city, utilized as many as 139 grocery stores located throughout the city. Each individual participating in the plan must be identified specifically with one of these stores at which point the commodities are picked up on 1 or 2 days each month. This procedure, it will be noted, directs persons away from their normal source of supply and to one of our choice. We are, for obvious reasons, opposed to a continuance of the present arrangement. Our position in this matter has the strong support of the food industry committee of Detroit. This will be attested to today by Mr. W. E. Fitzgerald, the executive secretary of the committee.

Some years ago, in the distribution of surplus food commodities, the Federal Government engaged in a program involving the use of a so-called food-stamp plan. Under this plan relief agencies were permitted to distribute negotiable stamps to eligible individuals who, in turn, exchanged the stamps at any retail outlet of their choice. Subsequently the stamps were redeemed by the Federal Government. In this program the relief agency was relieved of the needless duplication of established food-distribution systems and the unnecessary costly expense involved. Practically every retail outlet in the community participated in the plan. Our experience with this plan was most satisfactory. In this regard it is interesting to note some of the remarks of Mr. Ezra Taft Benson, when as the Executive Secretary of the National Council of Farmer Cooperatives, he appeared before a subcommittee of the Senate Committee on Agriculture and Forestry on January 26, 1944. At that time, Mr. Benson read into the record the following resolution in favor of the food-stamp plan:

> "We commend the United States Department of Agriculture on its food-stamp plan which provides an effective mechanism for moving agricultural surpluses into consumption among groups of low purchasing power in a manner that is highly beneficial to the recipient and which effectively utilizes the normal channels of distribution. We urge national extension of the plan as rapidly as feasible."

The program under consideration today by your honorable body provides all of the favorable elements embodied in the previous stamp plan. The major difference being the use of certificates instead of stamps. The proposal provides for the warehousing and distribution of foods through the normal food-industry channels where, we believe, this activity rightfully belongs.

Of the larger cities in the country, it is significant to note that only Detroit, Philadelphia, and Pittsburgh, Pa.; Birmingham, Ala.; and Oklahoma City, Okla.; are participating in the present plan of distribution. We are convinced, that if the certificate plan is approved, practically every welfare agency in the Nation will take advantage of the additional food made available thus eventually reducing to a very substantial degree the tremendous stocks of food in expensive storage.

It is our considered opinion that the most intelligent means of distributing surplus food commodities is for the Federal Government to reestablish a food-stamp or certificate plan, and we urge the favorable consideration of your honorable body to S. 627 which is now under consideration as an amendment to H. R. 7225.

Mr. RYAN. Mr. Chairman, in December 1954 the city of Detroit was offered surplus food commodities for distribution to those receiving public assistance.

Senator KERR. By whom, Mr. Ryan?

Mr. RYAN. By our State office.

Senator KERR. Which they had obtained from the Department of Agriculture.

Mr. RYAN. Yes, sir. The city of Detroit at that time was most anxious to have surplus commodities to make available to those in need, but was very reluctant to go into the program because of the plan that was offered. But in weighing one against the other, we ultimately went into the program so that in January 1955 we began distribution of commodities.

In the year 1955 we dispersed 1,772 tons of food. The number of families receiving the food in the month of December, to illustrate, was 21,838 cases representing 54,311 families.

The CHAIRMAN. What kind of food was it?

Mr. RYAN. These were butter, cheese, dry milk, shortening, beans and more recently, rice.

The CHAIRMAN. Commodity credit?

Mr. RYAN. Yes.

The CHAIRMAN. Surplus supplies?

Mr. RYAN. Surplus supplies.

Senator KERR. That is requested by the governor and by him made available to the welfare agencies in his State.

Mr. RYAN. That is right, sir.

The program that has been offered to us is the most cumbersome, ineffective, inefficient, costly program that we could visualize.

Senator KERR. You are talking about the one that is made available to you?

Mr. RYAN. I am talking about the one, Senator, that we are engaged in at the present time. My reason for saying that is that the program that is in operation, and the only one that can be used, is for the city of Detroit to duplicate the normal food distribution channels. By that I mean that the food is made available free of cost to us at our warehouse, and then from our warehouse we are responsible for the packaging, the storing, the refrigeration, and the distribution to retail outlets.

From that point on we are in the food business, and we don't want to be in the food business, we want out of it.

In additon to that, we have a serious problem in the number of stores that can be used in the town. There are about 7,000 grocery stores in the area. We are using 139 of them, with the cooperation of the food industry committee, without whose help we just could not have a program. And we cannot use very many more stores because of the difficulties in getting the commodities out of our warehouses into these units where they are dispersed 2 days a month.

The cost to the city of Detroit for this food business that we are in, in the year 1955, was $172,000.

Senator KERR: That was the administrative cost?

Mr. RYAN. And the storage cost.

The CHAIRMAN. What was the value of the food distributed?

Mr. RYAN. The value of the food was $1,376,483 valued in the Detroit market by our own evaluation.

Senator KERR. Something over 10 percent.

Mr. RYAN. Something over 10 percent. It would be in excess of 10 percent in 1956 for the simple reason that the program started to develop in 1955 and did not reach its present rate until almost the middle of the year.

The CHAIRMAN. That includes the cost of packaging?

Mr. RYAN. That includes the cost of packaging.

Senator MARTIN. Mr. Chairman, I would like a little further development on how you arrived at the value, because I think that that is rather important.

Mr. RYAN. Well, we took the average cost of a pound of butter in the city of Detroit and used it here.

Senator MARTIN. Is that a retail or wholesale price?

Mr. RYAN. It is a retail price.

Senator MARTIN. Retail?

Mr. RYAN. Yes.

The CHAIRMAN. When it got to the store that distributed it, what happened then?

Mr. RYAN. At the store, at these 139 stores it is necessary for the department of public welfare to specifically relate an individual to a specific store. We must make sure that we get the supplies that are needed in that store.

They have to know how many people are going to be there. Therefore we have to relate the relief recipient to a specific store.

I think you can visualize the clerical work and all of the paperwork involved in that kind of an operation.

We are likewise responsible for maintaining inventory controls, which means we must know how much of all of the commodities we put in the store, we must have receipts for what was disbursed and at the conclusion of that disbursement we must know the amount left on hand.

The CHAIRMAN. Do you give the individual some kind of paper?

Mr. RYAN. Identification card.

The CHAIRMAN. And he presents that to the store?

Mr. RYAN. It is done this way, Senator. We put in the hands of the grocer the food and a document indicating how much food can be given to this specific person. Those two are tied together at the grocery store. Then the recipient is sent to that grocery store, the two things are put together, the grocer gives him what is on the card, the recipient signs for it, takes the commodities away and we pick up that card as our receipt.

The CHAIRMAN. Does the store make any charge for that?

Mr. RYAN. The stores are receiving 15 cents a case per month, 15 cents a family per month, which is approximately half of what their cost is. This is really a civic venture on the part of the grocers.

Senator KERR. Tell us again about what food that you are in position to distribute.

Mr. RYAN. We have been distributing butter, cheese, dry milk, shortening.

Senator KERR. Wait a minute, what do you mean by shortening?

Mr. RYAN. Well, there has been regular shortening and there has at other times been lard.

Senator KERR. Now, the shortening is a vegetable shorting?

Mr. RYAN. That is right, in cans.

Senator KERR. All right; and what else?

Mr. RYAN. Beans.

Senator KERR. Beans, now that is dried beans?

Mr. RYAN. There have been pinto beans and kidney beans, and rice.

Senator MARTIN. You make no distribution of any kind of meat?

Mr. RYAN. I was just coming to that, Senator. We were offered flour and cornmeal and refused it, simply because the grocers in the town cannot handle bulk of that size any longer in this type of distribution.

In some of these stores we are putting six and eight hundred persons in in a day, and we are very definitely interfering with their normal operation.

Senator KERR. If you had this food-stamp plan they not only could get these products but they could get beef products, pork products.

Mr. RYAN. We have been offered pork and pork luncheon meat.

Senator MARTIN. What was that latter?

Mr. RYAN. Pork luncheon meat. Pork and gravy in 29-ounce cans and the other luncheon meat is a 6-pound can.

Senator KERR. Six pounds?

Mr. RYAN. Six pounds. Those are being offered and we are seriously thinking of undertaking the distribution of those, which will add another $50,000 a year to our distribution costs, and again add to the difficulties that the grocers are having in trying to store on these 2 distribution days.

The CHAIRMAN. Do you support this as a substitute for this present plan?

Mr. RYAN. Senator, we have worked with both plans.

We worked with the old stamp plan and the plan that is being suggested here is essentially the old plan.

There is no question in our minds in Detroit that the only sensible and intelligent way to distribute surplus food in this country to this kind of a caseload is through the plan that is suggested in the amendment to H. R. 7225.

The CHAIRMAN. Then you would suggest that this present plan be abandoned?

Mr. RYAN. By all means.

Senator KERR. Your suggestion is that this be substituted for it?

Mr. RYAN. That is right.

Senator KERR. In other words, you are not here——

The CHAIRMAN. You are not advocating two plans?

Mr. RYAN. No.

The CHAIRMAN. You want the stamp plan under the Kerr bill to take the place of the present plan?

Mr. RYAN. In place of the present plan. I think, if I may say this, I think it is significant that out of all of the large towns in the United States, there are only four that we can put in that category that are in the direct distribution of surplus commodities.

Senator KERR. Could you give us those?

Mr. RYAN. I can give you those, Senator. I would like to refer to the letter from the Department of Agriculture under date of February 24, 1956, signed by Mr. Hutchins, the chief of the Direct Distribution Branch of the Food Distribution Division.

I asked him by telephone this specific question and this was the answer:

The principal large cities besides Detroit that are currently participating in the program are Philadelphia and Pittsburgh, Pa., Birmingham, Ala., and Oklahoma City, Okla.

Now that is it. And it is our contention that the reason that other cities are not in is for the same complaints that I have registered here about the present program.

I am likewise convinced that if the amendment which you have under consideration is adopted, that all of the large cities and all of the small ones will come into the program.

Senator KERR. There is just as much of a caseload in rural areas proportionately as there are in the cities, aren't there?

Mr. RYAN. That is right, Senator.

Senator KERR. But no possibility of the kind of plan you are talking about in Detroit being available to them?

Mr. RYAN. Well, the plan is available to them, but I doubt very much——

Senator KERR. I mean of them being able to work it.

Mr. RYAN. That is right, because of the costs that are involved.

Senator MARTIN. Take Pittsburgh, are they using the same plan as you are using?

Mr. RYAN. Essentially the same plan. Well, there is one other plan, Senator, if I may say so. We testified before the House Agriculture Committee on a bill over there in June, June 17 of last year. We were advised by the Department of Agriculture, Mr. True Morse, in the absence of the Secretary, that there was no way of us engaging in a stamp plan without enabling legislation from the Congress.

We have that communication in writing. At the time the hearing was held in June, Mr. Butz of the Department of Agriculture testified that we could have a stamp plan, that any State at the present time could have a stamp plan.

That was contradictory of course, but when we got into it, we found out that stamp plan that we can have is a stamp plan developed at the local level on an exchange basis.

In other words, the grocer gives out a pound of X butter as he would to any retail customer, and he gets for that a pound of Y butter from the surplus commodity warehouse.

Now we seriously went back to Detroit and tried to develop some kind of a stamp plan at the local level, and the experts in the food committee—and I have to agree with them after going over it—that it is physically impossible to work out.

In all truthfulness those are the only two plans that are available, their so-called stamp plan on an exchange basis plus what we are doing at the present time.

Senator MARTIN. I would like to ask another question.

Have you had any criticism that politics is used in favoring certain groups?

The reason I am asking that, Mr. Chairman, up in Pennsylvania I read the complaint in newspapers, and it is in both communities where the municipal government is Democratic and in others Republican, so what I am saying is not political, but I read in the paper there is a lot of that kind of criticism.

Have you run into that?

Mr. RYAN. I have not run into it, Senator. The reason I have not may be that I come from a nonpartisan community.

We operate on a nonpartisan basis there in Detroit.

Senator CARLSON. May I inquire how you select your retail outlets?

Mr. RYAN. Senator, I will be glad to tell you.

We started out and we assumed that the only way we were going to have retail outlets was to set up little grocery stores of our own like we did a good many years ago when commodities were available. And as we took a look at it, we saw that it was completely hopeless and futile for us to attempt to do that.

We called on our good friend, Mr. Fitzgerald, who is here, and with whom we had worked over the years on this food-stamp plan before, and other difficulties that we had been engaged in from time to time over the years in food, and they said, "Look, you are foolish to try to undertake it on any kind of a basis of that kind. Let us come in; we will give you a hand with it."

And they did. And that is how we are able to operate. Without their help we would not even be able to be in it, I am sure.

Senator CARLSON. Isn't it reasonable to assume there might be unfair competition between retail outlets?

For instance, stores that have all these hundreds of people you have just mentioned going in are just naturally going to buy something else when they are in that store?

Mr. RYAN. I made a point of that, Senator, in my paper, and I am glad you brought it out.

First of all, we are forced into the food business where we do not belong, No. 1.

No. 2, because we cannot possibly use every store in the city of Detroit under this method of operation, and I think you can see why.

We are then a governmental agency depriving the small mamma and papa merchant on the corner from the trade that he is used to having.

We are finding ourselves sending them away from the corner grocery store in many, many case over to some chain outlet. The private merchants are upset about this, and I think they have a very real right to be.

I would like to refer if I can for just a moment to some testimony that was given in the House last year at this meeting on June 17, wherein Senator Metcalf from the State of Montana quotes a statement—I beg your pardon, this was Congressman Metcalf from Montana.

You were wondering where that Senator was, I suppose.

Senator MARTIN. That is right.

Mr. RYAN. In which he quotes a statement made by Mr. Ezra Taft Benson when, as the executive secretary of the National Council of Farmer Cooperatives, he made this statement—and it is very short—to a subcommittee of the Senate Committee on Agriculture and Forestry on January 26, 1944.

At that time he said:

> We commend the United States Department of Agriculture on its food-stamp plan which provides an effective mechanism for moving agricultural surpluses into consumption among groups of low purchasing power in a manner that is highly beneficial to the recipient and which effectively utilizes the normal channels of distribution.
>
> We urge national extension of the plan as rapidly as feasible.

I quote that because I could not say it better myself today, and that is precisely the position that we are in. We do appreciate very much the opportunity of appearing here and certainly would urge that you give favorable consideration to the amendment.

My paper points out, Mr. Chairman, that this latter statement has the approval of the common council of the city of Detroit, the legislative body.

Mr. RYAN. Thank you very much.

Any further questions?

Senator KERR. I want to express my appreciation to Mr. Ryan for his contribution, Mr. Chairman.

Mr. RYAN. Thank you, Senator.

The CHAIRMAN. All right, Mr. Fitzgerald, please proceed.

STATEMENT OF W. E. FITZGERALD, EXECUTIVE SECRETARY OF THE FOOD INDUSTRY COMMITTEE OF DETROIT

Mr. FITZGERALD. Mr. Chairman and Senators, I also have a prepared statement that I would like to just comment on and perhaps answer some questions.

The CHAIRMAN. Will you first identify yourself?

Mr. FITZGERALD. W. E. Fitzgerald, executive secretary of the Food Industry Committee of Detroit.

Mr. KERR. I would like very much for your statement to be placed in the record in full.

The CHAIRMAN. Without objection.

(The prepared statement submitted by Mr. Fitzgerald is as follows:)

STATEMENT OF W. E. FITZGERALD

In behalf of the Food Industry Committee of Detroit I first wish to express to you our appreciation for the privilege of appearing before your honorable body in support of the proposed legislation for the establishment of a food-stamp plan to assist in the distribution of surplus food commodities.

So that you may understand our interest in this program, we believe that a description of our committee will enable you to understand the scope of our activities and the potential facilities we have available for this distribution of surplus foods, to those certified as being eligible to receive these commodities, through the various welfare agencies. Our committee is composed of 20 individual segments of the food industry, such as bakers, wholesale grocers, chain-store operators, supermarket operators, brewers, meatpackers, many of the large independent retail grocers, milk dealers, etc. Each segment, of course, is intimately connected with the distribution of food at all levels and because of their experience have a very deep interest in the economic and efficient distribution of these surplus commodities.

We would like, also, to impress upon you this fact, namely that we, as an industry, are opposed to any and all conditions that would tend to create a welfare state. We, also, are of the opinion that there is a deep-seated responsibility on the part of all of us to prevent waste of these surplus commodities, either through deterioration or holding them too long in storage, particularly those items that are of a perishable or semiperishable nature, and that our first obligation in the disposal of these products is to our own citizens, each of whom has a per capita investment of approximately $200 in the commodities and who, because of their economic situation, find themselves unable to provide their families with a sustaining diet or are on welfare for reasons beyond their own control.

The food industry in Detroit as a public service, entered into this program of distributing the commodities through various retail channels, as we felt that the welfare department would run into many difficulties if they endeavored to confine the distribution to a few centers, that they might prepare themselves or by confining it to one large organization.

Our original meeting with the welfare department for consultation with Daniel J. Ryan, superintendent of the welfare department, had representatives who handle approximately 75 percent of the retail business of the city. After some discussion it was agreed that we would secure retailers who would volunteer to

handle this distribution with the understanding that both the welfare department and the food industry committee would endeavor to secure legislation from Washington that would establish a food-stamp plan. There has been no radical change in the basic methods of distribution since the Honorable Ezra Benson, in 1944, appeared before a subcommittee of the Senate Committee on Agriculture, at which time he read into the hearings record, a resolution, in favor of the principles of the food-stamp plan, and, in fact, at that time he urged national extension of the plan as rapidly as feasible. Therefore, it was our studied opinion that the plan, as we entered into the program, was not as efficient or economical as a stamp plan would prove to be. This decision was arrived at because of our experience over the years and especially during the 1930's when a stamp plan was in effect.

We originally started our plan with the welfare department in August of 1954, and the details for the distribution were completed by the welfare department so that the program was placed in effect in the month of January 1955. In the original distribution we had very little difficulty because at that time only straight welfare families were taken care of, there being some 2,500 or 2,600 welfare cases eligible at that time that we were able to handle through 25 retail outlets. The problem began to face us immediately after the first month as additional classifications were certified to receive these commodities. The number of cases grew accordingly until at one time there was a peak of 28,000 welfare families. This, of course, necessitated securing additional stores which we were fortunately able to do until we had a peak of approximately 135 stores. However, because of the distance that some of the welfare clients had to travel and also the distance involved in the distribution of this merchandise by the warehouse company who processes and delivers the foods for the government, considerably higher expenses were incurred.

Because of the necessity of assigning welfare cases to these designated stores it became evident that at times there would be many difficulties, especially in those stores where there was insufficient room in the back in which to prepare the orders and also make deliveries. We have had some stores where on the days of distribution they have been unable to conduct their normal business because of the crowds. It is necessary, of course, to assign special clerks to handle these orders in an effort to clear them through the store as quickly as possible. The fact that not all of the certified families pick up their merchandise the carryover has interfered with normal storage spaces, particularly on those commodities that require refrigeration, such as butter and cheese. We are listing these various difficulties because we know from our experience that they will continue and, in fact, have reached a point now where the operators of the city of Detroit cannot carry a heavier load and feel that unless there is a change in the methods they will have to discontinue their cooperation. This is something that all of them are hopeful will not happen.

"Under a food-stamp plan which would permit the movement of the surplus commodities through the normal channels of business these difficulties will disappear. All food dealers would handle the same products and butter and other commodities would be available at all times, and it is our contention that by moving these items normally that the surplus would be considerably reduced by close cooperation between processors, whosesalers, and retailers with the governmental agency that might be given the responsibility of developing this plan.

There are approximately 7,000 retail outlets in Wayne County in the city of Detroit who would be eligible to distribute food on a stamp plan. The Welfare Department in issuing the stamps from time to time would permit these people to go to their grocery store in their immediate neighborhood at any time rather than having to go in some instances 3 or 4 miles and only on 1 day of the month.

At the present time the retailers participating in this program receive 15 cents for every welfare order that they handle, while our cost of handling each individual order averages about 27½ cents. The difference between our cost and what we receive we have been willing to absorb up to this time. By moving the merchandise through a stamp plan it would become part of our regular business and certainly would be more economical and efficient than the present method.

It is our opinion that the establishment of a stamp plan would interest many more major cities in the program for reducing surpluses than are participating at the present time. The stamp plan would permit these commodities to follow the normal flow of business and would speed up deliveries and broaden the pro-

gram. We are quite confident that at the outset in the development of a stamp plan, that by approaching the various operators who handle these surplus commodities, a distribution plan can be worked out that would permit a very even flow without materially increasing the cost of the operation.

It might be of interest to your honorable body to submit a few figures furnished us by the city of Detroit Welfare Department for the first 10 months of 1955. The caseload on January 1955 was 1,340 and in October it has increased to 21,610 and has since grown. Surplus commodities have been distributed to 426,036 persons in 10 months. The following amounts of each commodity available have been distributed:

	Pounds
Butter	617, 880
Cheese	471, 044
Dry milk	533, 425
Beans	426, 129
Shortening	359, 748
Rice	403, 415

While this looks like a small amount of food in comparison with the volume in the city of Detroit, it still is a considerable amount and has had an effect on many retailers. I am quite sure that your honorable body, by applying these figures to the many major cities in the United States, will appreciate the fact that a stamp plan would be of inestimable value in reducing our surplus commodities, thereby reducing the storage expenses and the various handling expenses that are incurred. By permitting a normal flow through business channels a still greater amount of handling expenses will be eliminated, inasmuch as wholesalers and retailers would handle the goods in their normal way.

We are quite confident that if the designated department of the Federal Government, which will be assigned the responsibility of developing this plan will contact the food industry through the various national associations such as the Super Market Institute, National Association of Food Chains, and others, plus some of the local organizations who have had experience in handling this program, that a very well developed and successful program can be evolved. The Government then would be assured that the food would be handled properly, and that it would be available every day rather than only the 2 days a month, that it is now possible to make deliveries and we, therefore, ask that your honorable committee favorably consider the legislation now before your committee and recommend its adoption.

It has been a privilege to appear before your committee.

Senator MARTIN. The food industry committee—may I ask, so we can have a better identification, is that under the governmental authority of Detroit?

Mr. FITZGERALD. No, sir. The food industry committee is composed of some 20 different segments of those who process, wholesale and retail, all types of food products.

We have bakers, we have wholesale grocers, retail, chain, supermarket.

Senator KERR. In other words you represent the various elements of our industrial structure engaged in the processing and distribution of food products?

Mr. FITZGERALD. That is right.

Senator MARTIN. And you have nothing to do with Government?

Mr. FITZGERALD. Nothing at all, sir.

Senator KERR. That is what I was trying to bring out.

Mr. FITZGERALD. No, sir.

Senator CARLSON. Did I understand that at one time you were either regional or local director of the OPA?

Mr. FITZGERALD. I was district director of OPA in Detroit.

Senator CARLSON. What territory did that include?

Mr. FITZGERALD. That included the six counties surrounding Detroit, and later on became the whole State when they began to reduce the force.

Senator CARLSON. Was that during the time of Mr. Porter's administration?

Mr. FITZGERALD. No, sir; that was Chester Bowles. Then I was succeeded by Mr. Farrell and he was assisted by G. Mennon Williams.

Our entry into this program was caused by a desire on the part of all of our operators to be of some assistance, because we had experienced a great deal of difficulty in the early days when we had a stamp plan, and at that time we stepped into the picture and helped them.

We are practical operators. We are definitely opposed to any program that may create a welfare state, but we do say this: That with the tremendous investment that we all have as citizens in surplus commodities that are either semiperishable or perishable in nature, that this program that we are in now is the most inefficient and the most uneconomical one that we could possibly go through.

Now the merchandise moves through 139 stores. The reason for that is that when we entered into the program, we approached every type of operator in the city of Detroit, wholesalers were not in the picture, but supermarkets, chain stores, and independent retail grocers.

Senator KERR. The corner grocery store, the one-man store, and so on?

Mr. FITZGERALD. That is right, yes, Senator.

However, when we realized the tremendous amount of work that was entailed in handling just the six commodities for these people that were on the welfare list, we realized and the retailer himself realized that he was not in a position to handle the operation efficiently.

In fact, we can cite you one instance in a small store over on the east side where the man was unable to have any of his own customers in that store for 2 days, but he did not complain, he went on with it.

We get a small sum of 15 cents per welfare care, which is about half of what our cost is on that now, and I am using the efficient operator's cost, not the little mama and papa store. And it might be of interest to you to know that 69 percent of the welfare cases are going to the smaller operators, only 31 percent to the so-called large operators, who have been the backbone of this program.

Senator CARLSON. May I inquire if any of the retail stores in Detroit made application to handle this food and you did not let them have a permit or did not give them an opportunity?

Anyone that has volunteered to go into this program, because it has been strictly on a voluntary basis, has been used, every store that has applied to go in.

However, we have had to go out and dig them up for the welfare department. You have a certain amount of turnover.

A man may become very tired of handling the operation.

Our load today is heavy. And if they add these other two items, I do not know how they are going to handle it.

Senator KERR. You are talking about beef and pork?

Mr. FITZGERALD. Yes, sir.

Senator KERR. Now isn't it a fact, Mr. Fitzgerald, that the present program of distribution of surpluses, while it is of great value to the people that get the benefit of the program, no doubt——

Mr. FITZGERALD. That is right.

Senator KERR. But yet it provides no benefit to the consumers of wheat or corn or oat products or beef or pork products?

Mr. FITZGERALD. Up to the present time it has not.

Senator KERR. Nor does it provide any relief to the producers of those products?

Mr. FITZGERALD. That is right.

Senator KERR. Nor does it provide any benefit to the consumers of cotton products. You could not give a fellow that needed a shirt or a pair of overalls part of a bale of cotton, nor does it produce any benefit to the cotton producer, the present program of distribution?

Mr. FITZGERALD. That is right.

Senator KERR. And the stamp plan would immediately create a tremendous market for those products and at the same time benefit the recipients of it and the producers of it?

Mr. FITZGERALD. That is true.

We would also have a lot of help in back of us in getting this program through, because from experience—and I talk from a good many years experience—the only efficient way that the Government can move this surplus is through a stamp plan.

The CHAIRMAN. What is your understanding, Mr. Fitzgerald, of the stamp plan? You get the stamp and it says on the stamp what food can be purchased with the stamp?

Mr. FITZGERALD. That is a detail that the Department might be given the authority——

Senator KERR. If I might answer the question, the provisions of the bill would make it so that these stamps would be redeemable in the products of any commodity declared by the Secretary of Agriculture to be in surplus.

The CHAIRMAN. Then you would have to depend upon the store of course to furnish the particular article that is in surplus?

Mr. FITZGERALD. That is true, although our experience from the past in that has indicated that 99 percent of your store operators are more aware of their responsibility than is really known.

The CHAIRMAN. From a practical standpoint there could not be any way that they could be checked up on. They could sell something else.

Mr. FITZGERALD. No. I think, Senator, you would find them more critical than a governmental agency would be, because they are talking to their customers, they are treating their customers.

We are sending people 4 and 5 miles away from their home neighborhood to get merchandise today because of no one being able to handle it nearby.

Senator KERR. In other words, if they did not help police it, in the first place they would be doing damage to a program that was a profit to them?

Mr. FITZGERALD. That is right.

Senator KERR. And in the second place they would brand themselves as a participant in a fraud to their own customers, wouldn't they?

Mr. FITZGERALD. That is true. Now today you have 139 stores, and I would say this. That on the establishment of a stamp plan I can practically guarantee 4,000 stores that would break their necks to become eligible under this program.

The CHAIRMAN. Under which plan would they get the cheaper food, under the present plan?

Mr. FITZGERALD. Under the stamp plan.

The CHAIRMAN. Why?

Mr. FITZGERALD. Well, because you are going to eliminate a great deal of the extra expense.

The CHAIRMAN. You have got to add the profit of the retailer to that, do you not? I understand he does not make a profit under the present plan.

Mr. FITZGERALD. No, he does not.

The CHAIRMAN. Then the profit is what? The farmer gets about 50 percent, as I understand it.

Mr. FITZGERALD. On today's market and on today's markup there is not very much profit in the grocery business.

The CHAIRMAN. Who gets the difference between what the farmer produces and what the consumer pays?

There is supposed to be about a 50 percent cost there?

Mr. FITZGERALD. That is a very broad question, Senator, and one that Senator Homer Ferguson at one time asked me why he had to pay 68 cents for a head of cabbage and it took me about 3 weeks to find out for him.

For instance on a loaf of bread there are 151 hidden taxes.

The CHAIRMAN. What is the profit a retailer is supposed to make?

Mr. FITZGERALD. Net or gross?

The CHAIRMAN. I don't mean on his capital. I mean this.

Let's assume that the farmer gets a certain price for his goods, I mean for whatever he sells.

What part of the retail price paid by the consumer goes to the stores?

Mr. FITZGERALD. About 7 percent.

The CHAIRMAN. Seven percent?

Mr. FITZGERALD. Yes, sir.

The CHAIRMAN. What has happened to the other 43 percent then?

Mr. FITZGERALD. It goes all the way down the line, transportation, warehouse costs.

Senator KERR. Labor?

Mr. FITZGERALD. Labor.

Senator KERR. Taxes mostly.

Mr. FITZGERALD. Mostly taxes.

Senator KERR. I think the big chain stores, I think if you take A & P and Safeway and the other great, tremendous chain stores and analyze their financial statements, you would find that they make less than 2 percent, that their net profit is far less than 2 percent of their sales?

Mr. FITZGERALD. It is about ¾ of 1 percent Senator.

Senator KERR. That is what I thought.

The CHAIRMAN. You just said 7 percent.

Mr. FITZGERALD. I am talking about their markup, their gross. I think that is a fallacy that has existed in many consumers' minds for a year.

When she lays a dollar down on the counter she thinks the retailer is taking home 50 cents of that which he is not.

Now you can eliminate a great many costs. The Government is paying refrigeration; the city of Detroit pays refrigeration. Our cases are available at all times, and you have the merchandise moving day in and day out, rather than 2 days a month.

Senator MARTIN. Mr. Chairman, the witness has stated that Senator Ferguson asked him that question and that you devoted some time to an analysis of it. If you have that analysis, I think it would be very helpful. I think the American people ought to know why there is so much difference between what the man gets in the field for his product and the man who consumes the product on his table.

It would be helpful to the American people if they understood it. We just went through several weeks on the so-called gas bill. Now the man at the well, there is no question about that, it was established in Congress this year, that 10 cents out of the dollar went to the man at the well, 20 cents out of the dollar went for transmission. The balance of it went for distribution. And I think it was helpful to the American people to learn that fact.

Now if you could do it, I think it would be helpful and we could give some publicity to it, because I will admit it is a thing that has always concerned me.

Mr. FITZGERALD. I will try and dig that out of my files when I get home and see what I can do.

If we go on a stamp plan, which I hope we will and which I hope that this committee will support, you are going to go a long ways towards reducing a million dollars a day storage.

The processor in his distribution program can certainly feed the normal channels of business a great deal more efficiently, and I am not saying that in a critical vein, but more efficiently because they are set up to do it, than the way it is being handled today. Butter per se is butter whether it comes out of the top of the pile or the bottom of the pile. The same thing is true of every commodity that we have. We all have an investment of a couple of hundred dollars each in this merchandise. Let's get the thing moving. It needs to be moved. We are not complaining too much about the way it cuts into our volume. Sure, a million we will say or $2 million seems like a drop in the bucket in a market like Detroit; however, in 11 months they distributed free eleven 60,000-pound cars of rice in Detroit, and I have had three rice brokers on my neck wanting to know why that should move in.

A broker's earnings on a car would probably average a hundred dollars. They say "Well, there is $1,100 that went out of my pocket," but they are still anxious to cooperate and get this program over.

The CHAIRMAN. Take, for example, butter, the butter that was sold under a stamp plan won't necessarily come from storage of the Government, would it? It would be any butter?

Mr. FITZGERALD. No, move it through the regular channels. In other words, if a stamp plan is established certainly the Commodity Credit Corporation or whatever department handles it could sit down with the butter processors, they know them all, and say "Here is an amount of butter that must be used in the way that the stamp plan will cover it."

The CHAIRMAN. It would be butter that could be delivered there?

Mr. FITZGERALD. That is right.

The CHAIRMAN. Wouldn't it increase then the production of butter?

Mr. FITZGERALD. It would. It would increase the consumption of butter, there is no question about it.

The CHAIRMAN. Would it diminish the butter that is stored up?

Mr. FITZGERALD. Very much so.

The CHAIRMAN. Suppose the production increased? Suppose they produced more butter, finding they could sell it and then they would not use the storage butter?

Mr. FITZGERALD. By making butter available to families today, Senator, through a stamp plan, I think that the farmer, the dairy farmer will be agreeably surprised at the amount of butter that will be used and will increase his production of it. In fact I have had several women call me and one woman particularly and she said, "You know I was born during the depression, and until I was able to get butter through the welfare department, I never knew what butter tasted like."

The CHAIRMAN. That is not what I wanted to bring out.

What I wanted to ask was to what extent you think it will reduce the storage butter, the butter that is in storage over the country, cheese?

Mr. FITZGERALD. I would say this——

The CHAIRMAN. Wouldn't it be likely to increase the production of butter on a fresh basis, providing there was a market to sell it, because there is no restriction on butter?

Mr. FITZGERALD. Well, I think that the increase in sales of butter would offset that, Senator, so that you would have to be digging into your surplus right along with your normal production.

I think that is true of any commodity that is on this list. In other words, you would have people beginning to eat butter.

The CHAIRMAN. If butter got a good price you do not anticipate the dairymen would produce more butter?

Mr. FITZGERALD. I don't think they would.

The CHAIRMAN. Why not?

Mr. FITZGERALD. They have learned their lesson, I think.

The CHAIRMAN. What?

Mr. FITZGERALD. I don't think they would overproduce.

They won't overproduce, but you are establishing an additional outlet, aren't you, for butter under the stamp plan?

Mr. FITZGERALD. That is right.

The CHAIRMAN. And presumably it would get to the storage butter, butter that is stored up.

Do you know how many pounds are stored?

Mr. FITZGERALD. I know approximately. I don't know directly how much there is, eight hundred-and-some-odd million.

Senator KERR. If I may interject, Mr. Chairman, the impact of this legislation would be on the stored commodities. This would move that out, but when that amount of it was moved out, then it would not be in surplus and would not be eligible?

Mr. FITZGERALD. You would create a normal market.

Senator KERR. These stamps are available to be used month by month for those commodities declared by the Secretary of Agriculture to be in surplus.

Now we are moving on the other front to limit production.

The CHAIRMAN. Not in butter, are you?

Senator KERR. When you take acreage out of production you limit the production of butter.

The CHAIRMAN. It depends on what acreage you take out.

Senator KERR. It does not make any difference what acreage you take out of production. If you take 40 million acres out of produc-

tion, you are going to reduce the supply of everything. You are not going to have an increase.

The CHAIRMAN. It depends on what part of that 40 million acres is used for grazing cows.

Senator KERR. And also in the production of feed. Whatever number of acres you take out of production is going to mean there will be a lesser overall amount of agricultural products produced, not a greater amount.

Mr. FITZGERALD. I think this would follow too, I mean the establishment of a food stamp plan. That every major market where they have welfare cases would go into it right away. Why we went into it I do not know. We in Detroit tried to do the impossible.

We may get our necks out a little bit too far sometimes as we try to accomplish it, and we have done a fine job, and I do appreciate this opportunity of appearing before you.

The CHAIRMAN. We are certainly glad to have your contribution.

Senator CARLSON. Mr. Fitzgerald, I was called out. You may have answered this question. I was thinking of it as you presented your statement and I appreciate your appearance. I think you have had some experience here that may be helpful to us. It was just this thought.

These people that you are giving food to, butter, shortening, beans and I have forgotten the other commodities, isn't it natural that they have additional money then after they receive these commodities to buy these commodities Senator Kerr has mentioned they are not able to get now?

Mr. FITZGERALD. Yes; that is true.

Senator CARLSON. Wouldn't that have some effect too on the amount we actually would get out on the consumption channels under the stamp plan?

Mr. FITZGERALD. I think you probably would.

Senator KERR. Your observation of these people that have been beneficiaries of these commodities is such as to enable you to answer this question.

Generally do they have enough to eat?

Mr. FITZGERALD. I don't think so.

Senator KERR. Do you think that this additional $10 worth of food stamps a month, if applied exclusively to food, would make them an overfed portion of our population?

Mr. FITZGERALD. No, sir; under no circumstances.

The CHAIRMAN. Thank you very much.

Any further questions?

The next witness is the Reverend James L. Vizzard, of the National Catholic Rural Life Conference.

STATEMENT OF THE REVEREND JAMES L. VIZZARD, OF THE NATIONAL CATHOLIC RURAL LIFE CONFERENCE

Reverend VIZZARD. My name is Rev. James L. Vizzard, and I am assistant to the executive director of the National Catholic Rural Life Conference.

Before I took this position I was chairman of the department of economics and professor of agricultural economics at the University of Santa Clara in California.

Mr. Chairman, my statement will be brief.

As part of the statement I would like to submit a copy of the policy recommendations of the annual convention, the last annual convention of the National Catholic Rural Life Conference where we have a recommendation favoring a food stamp plan.

The CHAIRMAN. The insertion will be made.

(The recommendation above referred to follows:)

FEAR OF PLENTY

Never before in history has a nation found itself so blessed with plenty. In fact, so great has been our productivity in agriculture and in industry that some have begun to express fear that the very flood of goods will swamp us.

PROSPERITY TO BE SHARED

Such fears and timidity we cannot accept. We are convinced that at this time in history Almighty God in His providence has given us the opportunity to enjoy prosperity so that we can share it. We believe that our very abundance confronts us with a moral challenge and a responsibility we cannot ignore.

SHARED ABUNDANCE OR SHARED DISASTER

If we dedicate ourselves to a program for shared abundance we may never again be called upon to dedicate our lives and our wealth to a program of shared disaster. For, surely, unless we use our abundance in accord with the demands of our own enlightened self-interest as well as the dictates of our conscience, we must rightly expect judgment to descend upon us from God and from the disappointed and angry peoples of the world.

FOOD DISTRIBUTION PLAN

The fact that food is available in abundance means nothing unless those who need it are able to obtain it. At least several million American families have incomes so low that they cannot maintain an adequate diet. We suggest, therefore, that a food distribution plan similar to that of 1939–44 would help bring better nutrition to these families and at the same time would create a greater market for farm products.

Reverend VIZZARD. Although I am an economist, I do not intend here to speak from that viewpoint. I am sure you have had adequate testimony on the economic as well as the technical and perhaps even the political considerations involved in this proposal.

I speak this morning rather in a sense for the conscience of the American people. Many of us, I am sure all of us here, wonder at times how many who in one fashion or another pray as we do, "Give us this day our daily bread," will not have their prayer answered, not because God and human labor and ingenuity have not provided the means by which that need might be met, but because we who have those means may be reluctant to make them available.

We, most of us at least, go to bed each night with a full and satisfied stomach. We have as a people no more serious health problem than overweight. We can afford to sell hundreds of millions of pounds of dried milk for pig feed and still have mountains of accumulated food rotting in our warehouses.

But there are, as testimony here has brought out, millions of our fellow citizens, to say nothing of hundreds of millions elsewhere, who rarely get enough, or enough of the right kinds of food, to eat.

And so I speak today for the conscience, I believe a deeply concerned and troubled conscience, of millions of Americans who know that some day they will face their Judge, and who fear to hear Him say, "I was hungry and you gave me not to eat."

Amen, I say to you, whatsoever you did to the least of these my brethren you did it unto me.

We have the food. His brethren, our brethren, are hungry. The demands of justice and charity we believe are clear and urgent. On very few issues do the dictates of our conscience and of our self-interest coincide as strongly as here.

Frankly, Mr. Chairman, when I hear that our accumulated food stocks are called a plague, I have a feeling that someone must be mad.

God has provided the resources and human ingenuity and sweat have been applied to them and we have produced an abundance.

We have the opportunity of using these abundances according to justice and charity. I doubt if any country in the history of the world has had such an opportunity to discharge the obligations that go with abundance and prosperity.

We urgently support the provisions of this amendment before you now, and we ask you to report it out favorably.

Thank you.

The CHAIRMAN. Thank you.

Any questions?

Senator KERR. I want to thank the witness for his fine statement, Mr. Chairman.

The CHAIRMAN. Thank you very much, sir.

The next witness, Mr. Arthur T. Thompson, editor of the Wallaces' Farmer and Iowa Homestead.

Take a seat, sir.

STATEMENT OF ARTHUR T. THOMPSON, EDITOR, WALLACES' FARMER AND IOWA HOMESTEAD

Mr. THOMPSON. Mr. Chairman, I came to town late. Part of the figures I would like to enter into testimony did not arrive until yesterday, so I don't have a prepared statement.

Mr. Chairman, my name is Arthur T. Thompson. I come from the State of Iowa, and at present am editor of Wallaces' Farmer and Iowa Homestead in Des Moines, a semiagricultural magazine having in the neighborhood of 300,000 rural subscribers.

From early 1949 until about 5 months ago I ran a 160-acre corn-hog farm in central Iowa. Prior to that time I had served in South America for 3 years as agricultural attaché of the United States Government, and as an employee of the United States Department of Agriculture here in Washington during the intervals in the early thirties and in the early forties.

I appreciate this opportunity to appear, and will limit myself to two things: first, to report current farm attitudes toward the subject under review as disclosed by our Wallaces' Homestead poll and add a few personal comments.

Our farmers today are earnestly looking two ways on their current problem of oversupply. They are awaiting a new farm bill which should help them to prevent further excessive production and at the same time they are intensely interested in any measure which will expand the outlet for existing stocks and emerging new output.

The idea of distributing farm surplus to our own needy in the country has long been favored by Iowa farm people. They are par-

ticularly interested at this time when livestock marketings are running at high levels, and livestock prices, conversely, are disappointingly low.

For several years now, our publication has made periodical checks on farm sentiment toward the food-stamp method. These findings were obtained through actual interviews at the farm with enough individual farmers of various ages, political affiliations, and sizes of operations to give us a fair cross section.

In 1953 this was the question put to those interviewed:

A dairy committee is recommending the following method of getting rid of Government supplies of butter and cheese: Issue stamps worth 50 cents on a pound of butter and 25 cents on a pound of cheese, give stamps to folks now on relief, t ohospitals and to other institutions. What do you think of the proposal?

In early 1954, Iowa farm people were asked this question:

Congress is considering a food-stamp program which would turn food surpluses over to the unemployed and those now getting public assistance. Do you think this is a good idea or a poor idea?

Then within the last 2 weeks our poll interviewers put this question:

What do you think of the proposal for giving food stamps to 9 million folks, (mostly old people and dependent children) now on relief rolls? Each person on relief would get $5 a month to spend for extra food.

The following table shows how the votes went for each of these three questions.

You will note that the questions were not phrased the same each time. Owing to differences in the proposals which were foremost in public discussion at each period. But the opinion classifications, that is, "good," "bad," and "undecided," were the same in each instance. In the last question, however, there was a subdivision on "good" since there recently has been much discussion as to whether the stamp plan, even if it was a good idea, would really be effective.

You will also see no wide divergence in the answers as between Democratic and Republican farmers.

(The tabulation referred to follows:)

[Percent]

	Republican			Democrat			Total		
	1953	1954	1956	1953	1954	1956	1953	1954	1956
Good idea	65	76	53	69	75	58	66	76	55
Good idea, but it wouldn't help farm prices much			19			16			18
Subtotal	65	76	72	69	75	74	66	76	73
Bad idea	21	19	4	17	19	2	20	19	3
Undecided	14	5	24	14	6	24	14	5	24

Perhaps it might be helpful for everybody in the room if I would at least go down the summary at the right-hand margin.

In 1953, 66 percent of those who were interviewed voted "good idea," 20 percent "a bad idea," 14 percent were "undecided."

In 1954, about a year later, the "good idea" vote had raised to 76, "undecided" had dropped to 5 and "bad idea" remained little unchanged at 19.

In this poll, which I received by airmail yesterday, "good idea" unqualified was 55 percent while about 19 percent voted "good idea but it won't help farm prices much."

The vote for "bad idea" was down to 3 percent; undecided stood at 24.

The CHAIRMAN. Was that a poll taken through the paper?

Mr. THOMPSON. Yes. We have been taking such polls for 17 years, Senator.

The CHAIRMAN. How many were there in the poll?

Mr. THOMPSON. In this particular poll there are approximately four hundred. That may seem to you like a very small number, but as I say, we have taken great pains to balance out over the State over the years. On other things, where we have had a means of finding out afterwards how close we have hit, it has been quite satisfactory to us.

Senator KERR. The Gallup poll is based on interviewing.

Mr. THOMPSON. Yes; that is right.

Now at first glance it appears that there is less favor now for the stamp plan than was the case 2 years ago; that is, about 73 percent now standing for "good idea" against 76 earlier.

However, it is our view that this is a rather small difference. The more significant figure, it seems to us, is the one on the "bad idea" vote where it has dropped now to just three.

We realize many farmers at present are rather pessimistic and they have some doubts about a lot of things being effective, and we feel it may be reflected somewhat in this vote.

Wallaces' Farmer and Iowa Homestead concurs fully in this farm view that the food-stamp plan is a good idea. The excessive feeding of livestock which we have feared as a consequence of heavy feed-grain production has now come to pass.

Even with the prompt passage of the pending farm bill, there is a question whether agriculture in 1956 will in fact have time to make the desired change in feed output.

Even with substantial changes in the 1956 crop, the outlook is still for fairly heavy livestock feeding until the end of the year from existing feed supplies.

Yet aside from the current limited purchases of pork products, there is as yet no prospect for effective support action on live hogs or cattle. It is our feeling, therefore, that a food-stamp program should be started as soon as possible at least on a pilot basis. Administrative experience should be gained without delay.

The place to start, it seems obvious, is with the needy people already screened by some public agency. This we feel would be a big start because at least 6 million persons in the United States reportedly are getting some kind of public relief, and I gather from what I heard this morning that that total is low.

Senator KERR. The figure covered by this bill actually is about what you said, about five and a half million.

Mr. THOMPSON. Yes, Senator.

In addition, the distribution might logically be extended in due course to something like 12 million additional persons, including several millions over 65 years of age who either have no income of their own or annually receive less than $1,000.

And I may say there I drew that conclusion from reading a recent report of the Twentieth Century Fund.

I have the booklet here and can give the number on it if it is desired.

The consumption potential of such a large fraction of our population is very sizable. For example, if food stamps could be used to increase milk consumption by 1 quart per week among 10 million persons, our total milk requirements would rise by about 800 million pounds or 100 million gallons.

It is our belief that foods available under a stamp plan should have real value in correcting dietary deficiencies. Therefore animal protein foods, such as meat and dairy products, presumably should come in for major consideration.

I see I had a little section I passed over. I will go back to it now.

Some of the comments made to our poll interviewers are interesting. A young central Iowa farmer said, "I think the food stamp program is O. K. Why not help some of our own people as well as shipping the surplus to foreign countries?"

In talking about food stamps, farmers tend to be strongest on helping old people and children. There are some who are frankly skeptical about helping unemployed unless there is some assurance that there will not be a drop in their effort to look for work.

Senator KERR. In order that the record may show at this point just those who would be eligible, there would be 2,554,000 who are on old-age assistance and 2,173,000 dependent children, 105,000 blind, 250,000 disabled, 300,000 who are on general welfare relief.

Mr. THOMPSON. As I indicated at the outset, our Midwest farmers today are especially interested in a food-stamp plan as a means of directing our current abundance of animal protein foods to needy people so as to improve their health, and at the same time help the livestock market.

The CHAIRMAN. Thank you very much, Mr. Thompson.

The next witness is Edward D. Hollander, national director, Americans for Democratic Action.

STATEMENT OF EDWARD D. HOLLANDER, NATIONAL DIRECTOR, AMERICANS FOR DEMOCRATIC ACTION

Mr. HOLLANDER. Mr. Chairman, my name is Edward D. Hollander. I am national director of Americans for Democratic Action. We appreciate very much this opportunity to appear again before the committee in support of revisions of the Social Security Act. On this occasion, we would like to urge you to approve Senator Kerr's "food-fiber certificate amendment" to the act.

It has seemed to us that a plan such as that proposed in this amendment would be consistent with three major objectives of a national policy to use our abundance of farm products for the benefit of the nation:

First, that the problem of raising farm incomes should be approached by increasing consumption as well as by adjusting or reducing production;

Second, that every American family should receive at least a minimum adequate diet; and

Third, that the Government should adopt positive programs for raising the living standards of the millions of American families who live in poverty.

For these reasons, ADA has always taken the position in favor of programs which would increase consumption of foods and fibers among low-income families, at the same time strengthening the demand for farm products. The 1955 convention of ADA specifically endorsed these policies.

From many surveys and investigations by official and unofficial agencies, we know the basic facts relevant to this problem.

We know that many American families have incomes too small to support even a minimum American standard of health and decency. Recent investigations by the Joint Congressional Committee on the Economic Report have verified the presence in our prosperous economy of 20 to 30 million Americans living in poverty. Many of these families, of course, are among those dependent on public assistance or social-security benefits.

We know that charactristically these families spend two-thirds or three-fourths of their income on food, without obtaining adequate diets and leaving very little for the other necessaries of life.

We know that raising the incomes of these low-income families, in whatever way, has the immediate effect of increasing their consumption of food. For example, families with incomes under $2,000 spend approximately $300 per person per year on food, while families with $2,000 to $5,000 spend approximately $400. Families with incomes of $3,500 consume per person nearly half again as much food as families with incomes under $1,000.

We know that these income differences are reflected qualitatively as well as quantitatively in differences in diets. For example, families under $1,000 consume only about half as much per person on necessary high-nutrition foods like milk, eggs, meats, fruits and vegetables, as families with incomes of $3,500.

And we know, of course, that these deficiencies in living standards persist at a time when the country as a whole is prosperous and when our farm economy is struggling to find markets for foods and fibers for which there is insufficient demand under present conditions of incomes and prices.

We are aware of course that not all of these "surpluses" would be absorbed by increasing purchasing power by consumers. But there is ample evidence from the many studies of consumption behavior of American families that increased income, or its equivalent in purchasing power, would greatly ease the "surplus" conditions of many farm products.

We know that low incomes predominate among the families who are recipients or beneficiaries of public-welfare and social-security programs. In the case of recipients of the various forms of public assistance, only the most impoverished families are eligible.

In the case of the recipients of unemployment compensation, the family is suffering loss of income because of unemployment; and unemployment benefits, averaging about $30, compensate on the average for only about one-third of the wage loss.

Moreover, because of limitations on eligibility and on the duration of benefits, many unemployed receive no benefits whatever.

In the case of old-age insurance, benefits still average only about $60 a month, and repeated studies have shown that many beneficiaries are without adequate income after retirement.

These categories number a great many millions of people. According to recent reports, about 6 million persons were dependent on State and Federal public-assistance programs. Nearly 2 million individuals were claimants for unemployment compensation, not counting those who had exhausted their benefits before returning to work.

An additional 8 million persons were receiving benefits under the old-age and survivors insurance. It seems clear that these categories total upwards of 16 million individuals whose incomes need supplementation and who might be aided under a bill such as this.

It seems to us that a food-stamp plan offers a very nearly ideal means of bringing some of our agricultural "surpluses" within the reach of the very groups of people who are most in need and least able to satisfy their needs from their own resources at market prices. We have long contended that this kind of plan, ideally, should be brought within the reach of all low-income families, whether or not they are eligible for public-assistance or social-security programs.

However, since those covered by this bill, plus those additional we shall recommend to be covered, almost by definition comprise a large and important fraction of the low-income population, we believe this bill offers a promising beginning.

One of the most promising aspects of it is that it would place in the hands of these consumers the means of increasing their consumption of foods and fibers in ways which seem to them most advantageous in the light of their individual and family needs. It would both enable them to increase their consumption of foods and fibers (which they very much need to do) and, at the same time, to add to the total demand for farm products which would inevitably increase farm income.

When the national food allotment program was under consideration before the House Agriculture Committee last year, it was estimated that the application of such a program to low-income families generally would increase gross farm income by about $3 billion, or approximately 10 percent, and net farm income by approximately $3 billion, or 25 percent.

The amendment you are now considering would increase net farm income by something like 5 percent or more, depending on the coverage of the bill and its effects on the market prices for farm products. This seems to us to be the most rational as well as the most effective way of restoring the economic position of the farmer.

I believe it is necessary to look at this also from the point of view of the economy as a whole. We have learned since the enactment of the Employment Act of 1946 (of which we were among the most convinced advocates) the value of built-in stabilizers that tend to check the fall in income when the economy begins to decline, and to check the inflationary effects when the economy expands.

We believe the stamp plan here proposed, which would underwrite an additional $1.5 or $2 billion of purchasing power, would have that effect, since it would sustain purchasing power as the number of eligibles increased in periods of declining employment, while in periods of rising employment the number of eligibles and the payments would diminish.

The experience in the recessions of 1949 and 1954 has demonstrated the efficacy of such measures, both in alleviating the hardships to individuals and in benefits to the entire economy, including the Federal Treasury.

At the time of the hearings on food allotment program, the Department of Agriculture opposed the plan on the grounds that it would not move surpluses directly out of Government inventories and that it would interfere with the programs currently in operation to provide food directly from Government stocks to the States for direct distribution to needy persons and charitable institutions.

I do not know the administration's position on the present bill, but it seems to me that the Department of Agriculture's objections were effectively refuted by the testimony of Congresswoman Griffiths of Michigan and witnesses who testified from firsthand experience with the direct bulk distribution of surplus commodities for this purpose.

This testimony is set forth in pages 40–66 of the hearings before the Committee on Agriculture of the House of Representatives, 84th Congress, 1st session, June 17, 1955. The testimony makes it clear that a stamp plan was considered more efficient both from the point of view of the welfare program and from the point of view of the distribution system than the bulk distribution now operated by the Department of Agriculture. The stamp plan is more efficient for a number of reasons:

First, it uses the normal trade channels of the extraordinarily efficient American system of food distribution through wholesale and retail outlets. This keeps down the cost of distribution and brings the plan within the reach of all eligible persons without setting up complete Government-operated distribution channels.

Second, it is not limited to storable commodities but can be applied at any time to any farm products which are surplus in the sense that the supply available at that time exceeds the effective consumer demand, at prices that yield parity to the farmer.

This permits its application to various processed foods and cotton products which are not available through Government stocks. At the same time, by increasing the demand it may draw down the Government's stock or, at least, prevent further accumulation.

Third, through the stamp plan it is possible to increase the total consumption of farm products instead of substituting one product for another in the diet of the recipients. To the extent that food stamps are spendable like increased income, we know from experience that the first effect will be to increase consumption of food. This has always been the case when incomes were rising, as I pointed out above.

For these reasons, ADA wholeheartedly endorses the bill before you and urges the committee to report it out favorable as an amendment to H. R. 7225. We do, however, have some suggestions for changes which we think would strengthen the bill and make it more efficient for the purposes it is defined to serve.

First, we would recommend that the bill be prefaced by a statement of congressional policy. We believe it should be explicitly clear in the bill that it is the intent of Congress to encourage increased consumption of foods and fibers on the part of families whose consumption is inadequate by American standards, both as a means of improving the standard of living of such families and as a means of increasing the demand for farm products and thereby increasing the incomes of farm families.

We believe this is necessary in order to lay a clear mandate on the Department of Agriculture and the Department of Health, Education, and Welfare to operate the program (within the limits of available appropriations) in ways which will have the maximum effect in achieving these purposes.

We also think it is necessary to make clear to the Department of Agriculture that the Congress intends the plan to be broadly applied to products selling below parity prices and not limited to the movements of stocks of surplus commodities from Government inventories.

Second, the coverage of the bill should be broadened to make the beneficiaries of old-age and survivors insurance eligible for food stamps. It is true that old-age pensioners, unlike recipients of public assistance, have not been subjected to a means test and cannot therefore all be assumed to be in acute need.

Nevertheless, the detailed investigations into the incomes of old-age pensioners show that their incomes are very small; that their benefits (averaging $60 a month) are in most cases their primary or sole source of income; and that their retirement in many cases has left them without enough income to maintain an adequate level of living.

At the time of the most recent study, the average income from all sources of married couples receiving old-age pensions was something over $100 a month. It seems to us there is every reason for making them eligible under the food-and-fiber-stamp plan.

Third, unemployed persons who have exhausted their benefit rights under unemployment compensation and still have not found employment should be eligible under this plan. Their needs are even greater than the needs of the unemployed who are still eligible for benefits.

Fourth, the definition of "individual" as used in the bill should explicitly include not only the beneficiary of public assistance or social insurance but those legally or normally dependent upon them.

In the case of recipients of public assistance, the family is normally the unit of the budget on which the public-assistance grant is based, and it should be explicitly clear in the bill that every person covered by the grant should be eligible for the $10-a-month special grant of food and fiber stamps.

Beneficiaries of unemployment insurance and old-age insurance should likewise be eligible for $10 per month for each of the persons normally supported by them—this should cover those persons normally dependent upon the pensioner and the unemployed wage earner for support.

By so defining "individual" for purposes of the bill, it will be possible to extend the benefits to those whose need is equal to that of the primary beneficiary.

Finally, it should be explicit in the bill as a matter of congressional policy, to be carried out by agreement with the States, that the granting of food and fiber stamps would not be accompanied by a reduction in the allowances under public assistance or the benefits under unemployment insurance.

This seems clearly necessary in order to carry out the purposes of the program proposed in the Kerr amendment which are to increase the consumption of foods and fibers, to raise the standard of living of persons most in need, and to raise farm income by strengthening the markets for farm products.

Senator KERR. Thank you very much, Mr. Hollander, for your contribution to this hearing.

I believe that Congress Bray has arrived.

Congressman Bray.

STATEMENT OF HON. WILLIAM G. BRAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. BRAY. My name is William G. Bray. I am a Congressman from the Seventh Indiana District.

I am testifying generally in favor of some such plan as the Kerr amendment. I am in favor of some general legislation working out the principles which Senator Kerr has incorporated in this amendment.

I have been interested for a considerable time for a proper plan to make use of the surplus farm commodities in feeding the people of the United States who need this food and who are unable to purchase it.

As for the fiber part of the amendment, I have not given it enough thought to thoroughly understand how it works so I am not addressing my remarks to that part of the bill.

Senator KERR. In order that you might have in your mind, and I appreciate what you have said, it would apply equally to agricultural fiber products declared by the Secretary of Agriculture to be in surplus supply.

Mr. BRAY. I see no reason why something like that could not be incorporated in the legislation, but I have not given it enough thought to speak on the matter.

I was president of the Morgan County, Ind., Department of Public Welfare from 1937 until I went into the service during World War II, and have kept informed on the relief problem since that time.

In fact, I introduced a food-stamp bill in the last session of Congress. Many people sincerely believe that there is no need for such a plan at the present time when we have our present high level of prosperity. The fact is, however, that regardless of how great a prosperity a community has, there are always people who are in need.

Senator KERR. You think if they are in need they are just as hungry whether the other fellow is or not?

Mr. BRAY. In fact I think they are more so. In fact when our economy is booming as it is today in most respects except for the farm economy, the family whose income is stopped is in an even worse economic condition than if the general financial conditions were bad, in which case the general price of foodstuffs would be lower.

In one of the most prosperous townships in my district, we found an appalling situation where a family, I won't say was starving, but let's say they were getting far too near that to be comfortable, with 11 in the family. They had no income and consequently they simply could not purchase.

Senator KERR. Along that line, I will give a similar instance, Congressman.

A little while before Christmas, a very good friend of mine who was a minister told me that he had a family that he would like for

me to either visit or let the mother come and talk to me, and I told him that she could come and talk to me. They had 13 children. The father had been a hard worker but he had developed a bad heart and he was in an occupation that a bad heart rendered it more difficult for him to continue, rather than improving his usefulness in the job he had been doing, and he was incapacitated.

I asked her what they had had to eat. Well, she said, "We have had some flour and powdered milk," and she said, "A neighbor of ours gave us a pound of sugar, and so we have had flapjacks with homemade syrup as our diet this week."

Mr. BRAY. You will recall I testified last year before the Agricultural Committee on that idea for processing the wheat into flour, and perhaps that was some of the flour that they used.

I recently wrote a letter to each township trustee in my congressional district, about 130 in number to determine the need for such a program.

I have also talked personally with many of these trustees and with officials of the various public departments of welfare in Indiana. The department of public welfare is the body that has charge of old age pensions, aid to dependent children, aid to the blind.

I have also talked with officials of the department of public welfare of the State.

The results of this survey lead me to believe that some such legislation as this is needed.

Legislation of this type would not only help those in need but would help to dispose of farm surpluses.

In Indiana we do have a plan for distribution of surplus foods to the needy but at times it is rather difficult to administer. For instance if there is one family in the entire community that is in dire need of this food, the trustee could not take care of it without a great deal of time and expense on himself, as he would have to set up a distribution system to care for only one family.

That is why I say sometimes the individual family is in a worse position when you have a pretty high degree of prosperity because if the relief situation in a community is bad you have a setup to get this surplus food distributed. That would mean you would have to work out a distribution system and an accounting system and all to take care of one family.

That is why our system, while it was formed with the best of intent and does work out fairly well when conditions are really bad, but it is not made to take care of the condition which we generally have today.

I am not attempting to tell this committee exactly how this bill should be ultimately drawn for there are many things to be taken into consideration.

There must be an adequate safeguard to see that no one should receive this surplus food who is able to pay for it. If the people who are not entitled to this food get it then this program becomes a racket and will prevent legitimate processors and stores from receiving the proper business and will consequently injure our entire free enterprise system.

It is my belief that unquestionably anyone who draws old age assistance, blind assistance, or aid to dependent children should receive sur-

plus foods, for before such persons are granted such aid it has been established that they are in need.

There should be a study made of various State laws.

Now a certain part of this public assistance program some States have adopted and some have not, for instance the aid to the handicapped, my State has never adopted that.

There are several problems that must be met before any program of this nature can be a success. One of these problems is to work out a proper criteria as to who would be entitled to receive the food and in so doing it probably would be necessary to have some agency or agencies whose duties it would be to certify persons who are entitled to it.

Another important problem will be the transportation, storage, and distribution of this food. We went into that in the conference I had in Indiana a year ago in December rather fully. Storage and transportation may be worked out advantageously by combining it with the school-lunch program.

Senator KERR. Under this bill, Congressman, it would be available through the grocery stores?

Mr. BRAY. I say I believe your amendment has pretty well taken care of it. I do realize you have given a great deal of study to it and I believe that that would take care of many objectionable points. But I still believe that we do have to be alert and careful that we do not make this into a racket and people get it that should not.

After all, I believe in the needy getting it but I do not believe that the people who do not need it should capitalize on the rest of the people, because then we will wreck the whole system.

This is a serious problem and I do believe you have gone a long way in meeting it.

I am in the course of writing letters to various States to see how their surplus food program is working out.

Thank you for this opportunity of testifying.

Senator KERR. Thank you very much, Congressman.

Are there any questions?

Mr. Biemiller, who is on the list, I see has come in.

STATEMENT OF ANDREW BIEMILLER, LEGISLATIVE REPRESENTATIVE OF THE AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Mr. BIEMILLER. My name is Andrew Biemiller. I am a legislative representative for the American Federation of Labor and the Congress of Industrial Organizations.

The American Federation of Labor and Congress of Industrial Organizations supports the principal features of the amendment to the Social Security Act proposed by Senator Kerr and others establishing a surplus food certificate plan.

We endorse the idea that the Secretary of Health, Education, and Welfare should make agreements with the States providing for the distribution of surplus food certificates of $10 a month to each person certified as being in need to be used for the purchase of surplus foods in regular business establishments. Millions of needy persons would thus be enabled to enjoy a better standard of living and farmers would

be assured of an expanded market for their surplus products. Such gains warrant the Federal cash outlay required.

In supporting this measure, we are not departing from the view long held by organized labor that the distribution of commodities is not the best way to meet the economic needs of individuals. But since vast surpluses of food and other agricultural commodities exist and since many Americans are unable to purchase these various commodities with the income now available to them, we approve in principle the distribution of the surpluses on an equitable basis to those in need as a temporary measure.

Our support of this particular bill is conditioned on acceptance by the States and the local agencies administering the program that the food certificates shall be in addition to any other relief or benefit for which the recipient would be eligible in the absence of such food certificates.

In short, the food certificates, and the surplus commodities which are obtained with them, must supplement other assistance payments and must not be given as a substitute.

In order to minimize the possibility of such substitution, stronger language on the matter should be added to the proposed amendment as introduced on January 30.

The text is already clear that the purpose of the amendment is "to provide supplementary benefits for individuals receiving assistance * * *" Section 312 provides that "supplementary benefits received under this title shall not be deemed to be income or resources" for the purpose of sections of the Social Security Act that deal with the public assistance programs established thereunder, namely, for the aged, dependent children, the blind, and the permanently and totally disabled.

However Federal grants are not provided under the Social Security Act for public aid to the unemployed and other types of recipients commonly embraced in the term "general assistance." Some States do not participate at all in general assistance programs, leaving such matters entirely to local agencies. In this type of situation, especially, it will be difficult to make sure that the surplus food certificates are, in fact, supplementary.

It is therefore highly desirable that some such wording as the following be added:

> The Secretary shall establish standards which shall include an agreement by the State agencies and by any participating subdivisions that these food certificates shall be in addition to and not in place of any welfare assistance, financial or otherwise.

The categories of eligible recipients should be limited to those certified as in need and those certified for aid under the public assistance programs already mentioned. These categories include many unemployed workers, some of whom are receiving unemployment insurance benefits inadequate to meet their needs.

The bill proposes that all persons entitled to unemployment insurance benefits should automatically receive the food certificates.

We do not agree with this. The proper way to assure more adequate incomes to all persons covered by unemployment insurance is to enact amendments to the Federal and State unemployment insurance laws that will raise benefit amounts in relation to earnings, minimize

unjust disqualifications, and provide more reasonable eligibility requirements.

Extension of coverage and other changes are also desirable to assure more workers of adequate benefits as a matter of right when they cannot find jobs, so that they do not have to seek assistance on the basis of need.

The farmers' markets and incomes will be improved by better unemployment insurance laws just as surely as by surplus food certificates.

Social insurance needs to be supplemented by assistance programs but social insurance itself should not be mixed with a relief concept.

Some persons receiving unemployment insurance benefits are in need because the benefits are too small in relation to family requirements. This situation is all too common because of the inadequacy of present laws. Such needy persons should continue to receive supplementary aid through public assistance, surplus food distribution programs, and so forth. Under the terms of this bill, if such unemployed persons are certified by the States as being in need, they will also be entitled to surplus food certificates.

For these reasons, we recommend that reference to unemployment compensation laws and to recipients of unemployment compensation be stricken from sections 302 and 305.

Valuable as this food certificate proposal would be, it would not eliminate the necessity of improving many other programs aimed at avoiding substandard levels of living in rural and urban areas.

Substantial amendment of Federal and State public assistance laws is required to obtain the objectives of adequate assistance to all needy persons contained in the convention resolution of the AFL–CIO which we filed with your committee in testifying in support of H. R. 7225 on February 15.

In another resolution, dealing specifically with surplus foods, our convention urged the Congress to "extend and enlarge the surplus commodity distribution program to include all people in need regardless of the cause of that need."

The surplus food distribution programs already in operation in many States reach groups that would not be eligible for assistance under this proposal, such as persons who have resided only briefly in a State.

The basic solutions to the problems of low-income families must be far more comprehensive, consisting not of charity or welfare aid but of proper economic measures which will insure job opportunities and higher levels of income throughout the Nation.

Senator KERR. Thank you very much, Mr. Biemiller, for the very constructive statement.

Mr. BIEMILLER. Thank you, Senator.

Senator KERR. Mr. Jack Jennings.

STATEMENT OF JACK JENNINGS, OF THE COOPERATIVE LEAGUE OF UNITED STATES OF AMERICA

Mr. JENNINGS. Senator, I have a very short statement. Should I proceed?

Senator KERR. You be the judge of that. We will be glad to have you read it.

Mr. JENNINGS. Thank you.

My name is Jack T. Jennings. I am assistant director of the Washington office of the Cooperative League of the United States of America. Through one or another of our member organizations, 13 million of the United States families who own co-ops are represented in the Cooperative League.

We appreciate very much having the opportunity to state the Cooperative League's position with respect to the Food-Fiber Stamp program. We consider this program as an extension of the programs which we have supported and promoted in the years since 1916 when the Cooperative League was founded. As many of you realize, we have established a reputation for benefiting in every honest manner underpriviledged individuals and nations.

In the early 1930's, we fought for social security, rural electrification, and other legislation to aid low-income and underprivileged groups. Following World War II, we spearheaded the organization of CARE which was then incorporated as the Cooperative for American Remittances to Europe. Since then, the name has been made all-inclusive—the Cooperative for American Remittances to Everywhere.

Murray D. Lincoln, president of the Cooperative League, has served continuously as president of CARE since its founding, and Wallace J. Campbell, director of the Washington office of the Cooperative League, has served as chairman of the Executive Committee of CARE since its inception.

CARE, as you know, has provided sustenance, warmth, and hope to millions of individuals ravaged by war through the generosity of Americans. Now some CARE contributions are coming from the very people abroad who had been helped a very few years ago.

Also during the war, the Cooperative League set up its freedom fund collected from cooperatives and individuals in this country for the reestablishment of cooperatives paralyzed by war. The Cooperative League has also assisted our various mutual assistance programs by supplying technical know-how and manpower to the extent of its ability. It has also helped to sponsor various programs in India, Italy, and Western Europe in an effort to strengthen existing cooperatives and establish new ones.

We give you this background merely to illustrate the intense interest the Cooperative League has in helping people. We have fostered the cooperative idea in this country and throughout the world because it puts into people's hands the tools which help to shape their own destiny. Cooperatives bring the strength of democracy not only to political life, but to economic life as well. People who dedicate themselves to cooperative principles not only help themselves but their fellow men. The result is an upgrading of living, educational, religious, and political standards.

Unfortunately, cooperatives in this country have not grown to the extent they have in other countries where there are very few low-income families, and, for that matter, a very few millionaires. Cooperatives, because they keep out exploitation, tend to keep money in circulation up and down Main Street which helps small business and keeps prices in line; as we said this has not happened to any great extent in this country.

Therefore, we endorse the amendment offered by Senator Kerr and others, which would provide for agricultural commodities for certain underprivileged and handicapped people. We also endorse the proposed change to the amendment to include cotton and wool products.

We have some $8 billion in so-called surpluses on hand now that the taxpayers have already paid for. Secretary of Agriculture Benson reports the storage charges alone for the commodities run $1 million a day. He has also told Congress that these "surpluses" are demoralizing the farm market price by about $2 billion a year. We need programs to move these commodities in order to cut storage costs, avoid spoilage, and above all, satisfy hungry stomachs. The Kerr proposal would offer at least a partial solution. Other programs, if administered diligently, offer further hope to needy abroad.

It seems to us that a stamp plan would offer an economical program in terms of administration. We have the machinery for its execution already established since this amendment would provide for assistance to those persons receiving public welfare, unemployment insurance and those receiving public assistance outside the Federal program.

It would also help those who are blind, or who are otherwise permanently or totally disabled, and certain dependent children.

We have been concerned for many years about these unfortunate people, realizing that many are unable to obtain adequate food, let alone nutritional diets. Even bread and milk, which used to be the staples of low-income families are now high priced, and in the case of bread, less nutritious.

We would prefer taking a large share of our food surpluses out of storage to feed our undernourished, rather than legislation production cuts on the farm or await a national catastrophe which would deprive these undernourished people of any right to full stomachs. We need to learn to live with abundance.

A large portion of the budgets of low-income families goes toward food. By freeing at least a portion of this food money, purchases of other items will be made—thus expanding the national gross product.

It is estimated that the food-fiber stamp program will take a billion dollars a year of farm products. This may expand the national economy by some $5 billion.

Consequently, in addition to helping farmers, the program will undoubtedly help every other sector of the economy. In addition, if farm income can be raised, this means purchases of more machinery, fertilizers, automobiles, trucks, and other products used in farming.

We urgently request this committee to actively support the Food-Fiber Stamp Plan amendment so that it will be put into effect as soon as possible.

None of us is blind to the real need for a program of this kind. We all want a higher standard of living for all of our people. This is a step in that direction.

Senator KERR. Thank you very much, Mr. Jennings.

Are there questions?

Senator KERR. I would like to have included in the record a statement sent by Congressman Robert H. Mollohan of the First District of West Virginia.

(The statement submitted by Congressman Mollohan was as follows:)

STATEMENT OF ROBERT H. MOLLOHAN, REPRESENTATIVE FROM THE FIRST DISTRICT OF WEST VIRGINIA, BEFORE THE SENATE COMMITTEE ON FINANCE IN SUPPORT OF S. 627, MARCH 5, 1956

Mr. Chairman and members of the committee, I most deeply appreciate this opportunity to submit this statement in support of Senate bill 627, which would serve the dual purposes of providing supplementary benefits in the form of free food certificates for the recipients of public assistance and the unemployed at the same time that it would provide a worthy and valid means of disposing of our surplus agricultural commodities without disruption of the normal domestic markets.

I shall not impose upon your valuable time with a discussion of the mechanics and technicalities of this legislation with which I know it is safe to assume you gentlemen are fully acquainted. I do, however, wish to propose one modification which would, in my estimation, add to the bill's effectiveness and simplify its administration after enactment.

One page 4, I should like to propose that lines 1 and 2 be stricken out and the following language be inserted:

"(2) Every individual (A) who is a recipient of unemployment compensation benefits for such month from any State, or (B) who is unemployed but who has exhausted his benefits rights because he has received unemployment compensation for the maximum period allowed under the laws of such State."

If this proposal is adopted, then this further change in the bill would be required:

On page 5, line 16, immediately after "certificates" insert: ", or in the case of persons eligible under sections 5 (a) (2) (B), by the State unemployment compensation office."

The purpose of this change is to make certain that untold numbers of the unemployed who have exhausted their unemployment benefits without finding reemployment would continue to receive at least the supplementary benefits the bill seeks to provide.

It is my opinion that adoption of the foregoing or a similar amendment would avoid possible future administrative problems. The appropriate state agency in determining eligibility for food certificates will merely apply the same standards used in determing eligibility for unemployment compensation benefits, ignoring only the cutoff dates. Moreover, the penalties contained in section 9 (b) are, I believe, sufficient to prevent abuse of its benefits.

How important this added provision—and, indeed, this entire legislation—is to West Virginia can best be illustrated by the fact that, although we are 1 of the 4 States in the country which provide unemployment insurance coverage for the duration of a 24-week period in each year, some 20,000 workers in West Virginia exhausted their benefits in 1955 but were still unemployed. I am certain this same condition has prevailed among other States where the duration of the unemployment insurance program varies from the present maximum of 26 weeks to the minimum of 16 weeks.

Consequently, I respectfully urge the committee to give favorable consideration to the foregoing modification which would, I sincerely believe, extend the benefits of the bill, S. 627, to a substantial number of Americans who at this moment stand in imminent peril of becoming all but forgotten men and women among the statistics and graphs of a rising economy.

Indeed, if I may be entirely frank—and I am sure you would not have me be otherwise—my most pressing concern about S. 627 is that in the midst of the general rejoicing over the prosperous state of the Union, the necessity to enact the legislation set forth in S. 627 might well appear inconsequential. Let me assure you, it is of the utmost consequence to some millions of American workers in your States and mine who are still not enjoying the benefits of the national prosperity.

In West Virginia, we are only now beginning to recuperate from the general depressed economic conditions we have experienced over the past 4 years and, more especially, from the severe business recession we suffered in 1954. Let me point out to you, however, that survival of the patient from a serious illness does not necessarily mean that his recovery is assured or complete.

In substantiation of this, permit me to quote from the always reliable West Virginia Business Index, a monthly publication of our State Chamber of Commerce. In the January 1956 issue of the Business Index it is stated "during the calendar year 1955, renewed strength appeared in some segments of the West Virginia economy, but the economy as a whole still lags behind the record pace

being established nationwide. Average monthly employment of 471,733 workers for 1955 is still as much as 60,000 below such employment figures for the years 1950–53."

That figure, gentlemen, represents some of the thousands of people in my State who are in dire need of the kind of direct aid we are considering here.

For example, the Charleston area, which includes all of Fayette and Kanawha Counties in south central West Virginia, has, since March 1954, been classified 12 times by the United States Department of Labor, Bureau of Employment Security, "a substantial labor surplus area." In the Bureau's most recent report (January 1956) it is stated that unemployment in the Charleston area was estimated at 9.5 percent of the labor force in November 1955, with nearly 90 percent of the jobless workers believed to be men. I need hardly point out that this means that fully 8.7 percent of all the family breadwinners of this area were then unemployed.

But as is true of all statistics, these figures of the Bureau of Employment Security are not nearly so accurate as one could wish. I have been given to understand that they cover only those who are presently receiving or are entitled to receive unemployment compensation benefits.

According to the Bureau's statisticians, at least 20,000 West Virginians, to whom I referred a short while back, exhausted their benefits in 1955. But what has happened to them since that time is an unknown factor in the compilation of employment statistics.

Using another sampling from Labor Department reports, unemployment in Beckley, W. Va., amounted to 11 percent of the labor force in October 1955—an improvement, but by no means a very satisfactory recovery from the depression-high figure of 22.3 percent reached in February of the same year.

Throughout the first half of 1955, an average of 255,000 individuals per month, representing more than 10 percent of West Virginia's total population, required public assistance and were eligible under existing law to receive commodities distributed through the Federal surplus food distribution program. Since then, the figure has declined somewhat, but I submit that a good part of this decline has not been due so much to improved economic conditions but to the fact that a goodly number of the still unemployed, having exhausted their unemployment benefits, simultaneously ceased to participate in the food program.

Turning once again to Department of Labor statistics, one of its designated major labor areas encompasses the Wheeling W. Va.-Steubenville, Ohio, region. This is a group C classified area, described by the Department as an area in which job seekers are slightly in excess of job opportunities with the situation expected to continue over the next 4 months. The other designated major labor area in West Virginia—Charleston—is classified in group E, an area where job seekers are considerably in excess of job openings, again without any expectation of improvement in the situation for the next 4 months. Then there are a number of smaller areas not ordinarily classified by the Bureau of Employment Security but where substantial unemployment exists to such an extent that they have been included in the Labor Department's reports for the past several years. In West Virginia, these smaller surplus labor areas run almost the length and breadth of the State, encompassing most of its principal cities, Beckley, Bluefield, Fairmont, Logan, Point Pleasant-Gallipoli, Ronceverte-White Sulphur Springs, and Welch. The semantics of the designations "job seekers slightly in excess, considerably in excess, and substantially in excess of job opportunities," let me add, are those of the Bureau of Employment Security and not mine.

In the national picture, the Bureau of Employment Security January report shows 83 major areas of the country in group E, 5 areas in group F (where unemployment is 12 percent or more of the total labor force), and 19 areas in the groups D and E classifications.

In other words, throughout the Nation there are still a disturbing number of areas where people are without jobs and without any immediate prospect of work opportunities being made available to them. These are the harsh statistical facts which I have presented to you. They do not, I fear, afford a realistic picture of the human tragedies, the distress, and the hardships which lie behind them.

To fully appraise the need which exists for the legislation we are now considering, one must read between the lines on the statistical chart to evaluate properly the dire want of thousands of American families for the bare necessities of life. And one must look beyond the cold figures of the unemployment report to see the undernourished children, the pitiful needy aged and blind, and the substandard living conditions under which millions of our citizens exist.

Nor does any of this take into account the added strain which unemployment places upon the public assistance programs of the affected States and upon the charitable resources of the local community.

In the face of these facts, it would seem almost incredible that we, as a Nation, believe ourselves to be confronted by the apparently insoluble problem—what to do with our mounting stores of surplus agricultural commodities. Admittedly, we may be suffering from what our French friends have so aptly termed "an embarrassment of riches." Nevertheless, a road seems clearly charted for us through the medium of S. 627, to provide in a worthy manner for the disposal of a goodly quantity of our surpluses without disrupting prices in the more normal domestic markets.

Certainly, we have been more than generous in providing from our surpluses, for the hungry of other lands. Here now, is our opportunity to provide in a like manner for our own needy—and I, for one, subscribe to the belief that, like all the other virtues, the practice of charity must first begin at home.

In the vital struggle for men's hearts and minds which is taking place in the world today, I respectfully submit that our own efforts will prevail only to the extent that we can convincingly demonstrate how well we ourselves practice the ideals of the democracy we so eloquently preach. By providing the unfortunate "have-nots" among our own people with some of the necessities of life, of which the rest of us have seemingly too much, we are afforded a golden opportunity for just such a demonstration.

I most earnestly urge your favorable consideration of S. 627 and thank you again for this opportunity to express my views.

Senator KERR. Mr. Johnson of the National Farmers Union.

STATEMENT OF REUBEN L. JOHNSON, JR., LEGISLATIVE ASSISTANT, ON BEHALF OF JAMES G. PATTON, NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman, for the record I am Reuben L. Johnson, Asssitant Coordinator of the Legislative Service, National Farmers Union.

Senator KERR. Do you have copies of your statement?

Mr. JOHNSON. I do. Mr. Chairman, Mr. Patton had planned to make a personal appearance before this committee because of his great interest in your amendment, but his busy schedule has made it impossible for him to remain in town over the weekend. He had to leave last Friday for points west.

Mr. Chairman, I have a fairly brief statement here.

Senator KERR. Go right ahead with it.

Mr. JOHNSON. Is it all right to read it for the record?

Senator KERR. Yes, sir.

Mr. JOHNSON. I do want to present this as if it was Mr. Patton's statement.

We appreciate very much, Mr. Chairman, the scheduling of this hearing on the amendment introduced by Senator Robert S. Kerr to establish under the auspices of the Health, Education, and Welfare Department a food certificate program to aid needy families and individuals now receiving public assistance and persons receiving unemployment compensation and others.

The amendment you have under consideration is of great direct importance to farmers, food and fiber handlers, and low-consuming families and individuals. However, because this amendment, if enacted as title III of H. R. 7225, would do so much to improve the life and livelihood of farmers, mercantile establishments (both retail and wholesale), the unemployed, the aged, the blind and the handi-

capped, it would contribute to a marked degree to national well-being and prosperity.

The amendment in the form introduced does not contain any reference to the addition of cotton under section 303, or wool.

The section defines an agricultural commodity as "any food product raised or produced on farms, including agricultural, horticultural, and dairy products, food products of livestock and poultry, and honey." I understand, however, that Senator Kerr and the 22 cosponsors of the amendment have given consideration to cotton and have decided that provision should be made in the amendment for making certificates good for the purchase of any food or fiber product processed or manufactured in whole or in substantial part from the farm commodities named by the Secretary of Agriculture under section 304 of the amendment.

I want to say, Mr. Chairman, that there has been quite a bit of concern in the House of Representatives over the fact that this would be charged to the cost of the farmers' price support programs, and I want to note here for the record that this program would be administered by the Secretary of Health, Education, and Welfare. The responsibility of the Secretary of Agriculture would be to name the agricultural commodities which were in abundance for any given month.

Senator KERR. Correct.

Mr. JOHNSON. National Farmers Union supports the addition of fiber in the amendment because we believe the persons eligible under provisions of the amendment have need for articles made from agricultural fiber just as they do the various products processed from the food commodities which would be named by the Secretary of Agriculture under section 304.

Agricultural fibers would include cotton and wool, but, of course, would be subject to the provisions of section 304. We have made appropriate changes in the wording of the amendment to make possible inclusion of agricultural fiber, and with your permission, Mr. Chairman, I would like to ask that the amendment, as changed, be made a part of the record.

Senator FREAR. Without objection, it is so ordered.

(The document above referred to is as follows:)

[H. R. 7225, 84th Cong., 2d Sess.]

AMENDMENT Intended to be proposed by Mr. KERR (for himself, Mr. FREAR, Mr. CLEMENTS, Mr. MANSFIELD, Mr. DWORSHAK, Mr. LANGER, Mr. HILL, Mr. SMATHERS, Mr. WILEY, Mr. ELLENDER, Mr. CHAVEZ, Mr. KEFAUVER, Mr. LONG, Mr. EASTLAND, Mr. YOUNG, Mr. SYMINGTON, Mr. JOHNSTON of South Carolina, Mr. MONRONEY, Mr. MCCLELLAN, Mr. DOUGLAS, Mr. HUMPHREY, Mr. SPARKMAN, and Mr. STENNIS) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new title:

TITLE III—USE OF SURPLUS FOOD AND FIBER TO PROVIDE SUPPLEMENTARY BENEFITS FOR RECIPIENTS OF PUBLIC ASSISTANCE AND OTHER NEEDY PERSONS

SEC. 301. This title may be cited as the "Surplus Food Fiber Certificate Act of 1956."

STATEMENT OF PURPOSES

SEC. 302. It is the purpose of this title (a) to provide supplementary benefits for individuals receiving assistance (1) under the programs of old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and

totally disabled provided for in titles I, IV, X, and XIV of the Social Security Act, (2) under the unemployment compensation laws of any State, and (3) under the programs of public assistance of any State or political subdivision thereof; (b) to provide benefits for certain needy individuals not receiving public assistance; and (c) at the same time to provide for increased domestic consumption of surplus agricultural food and fiber products by establishing a program under which the monthly benefit payments of individuals receiving such payments will be supplemented, and, in the case of individuals not receiving public assistance, aid will be extended, through the issuance of certificates which may be transferred to retail *mercantile establishments* in exchange for surplus agricultural food and fiber products at prevailing market prices and which shall be redeemed at face value by the United States upon presentation by authorized transferees.

DEFINITIONS

SEC. 303. As used in this title—

(a) The term "agricultural commodity" means any food *or fiber* product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, food products of livestock and poultry, and honey.

(b) The term "surplus agricultural food *or fiber* product" means an agricultural commodity specified in an announcement made by the Secretary of Agriculture under section 304, ~~which is in a form suitable for human consumption,~~ and includes any food *or fiber* product processed or manufactured in whole or substantial part from any such commodity.

(c) The term "State" includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(d) The term "Secretary" means the Secretary of Health, Education, and Welfare.

SURPLUS AGRICULTURAL COMMODITIES

SEC. 304. The Secretary of Agriculture is authorized and directed, for the purposes of this title, to determine and announce for each month the agricultural commodities with respect to which supplies exceed domestic demand to such an extent as to depress the market price below the parity price thereof.

ELIGIBILITY FOR SURPLUS FOOD-FIBER CERTIFICATES

SEC. 305. (a) The following shall be eligible to receive surplus food-*fiber* certificates for any month:

(1) Every individual who is a recipient of assistance or benefits for such month under the programs of old-age assistance, aid to dependent children, aid to the blind, or aid to the permanently and totally disabled provided for in titles I, IV, X, and XIV, respectively, of the Social Security Act.

(2) Every individual who is a recipient of unemployment compensation benefits for such month from any State.

(3) Every individual who is the recipient of financial assistance for such month provided for the needy by any State or political subdivision thereof.

(4) Every needy individual with respect to whom the Secretary has received a certification for such month from the welfare or public assistance agency of a State or political subdivision thereof under an agreement entered into pursuant to subsection (b) of this section.

(b) The Secretary is authorized to enter into agreements with the welfare or public assistance agency of any State or political subdivision thereof whereby such agency shall certify to the Secretary, under regulations to be prescribed by the Secretary, the names of individuals of such State or political subdivision who are in need of public assistance but are not eligible for food-*fiber* certificates under paragraph (1), (2), or (3) of subsection (a), and the Secretary shall issue surplus food-*fiber* certificates to be distributed to such individuals.

ISSUANCE OF SURPLUS FOOD-*FIBER* CERTIFICATES

SEC. 306. (a) The Secretary shall provide for the preparation of surplus food-*fiber* certificates for issuance to individuals eligible therefor under section 305. Such certificates shall be $10 in face amount and shall be in such denominations as the Secretary shall determine. They shall be issued monthly and shall be valid only with respect to purchases made during the month for which they are issued.

(b) Surplus food-*fiber* certificates shall be distributed by the Secretary, in the case of State agencies making payments to individuals under the programs referred to in paragraphs (1), (2), and (3) of sections 305 (a), to the State agency making such payments, and, in the case of an individual eligible to receive surplus food-*fiber* certificates under paragraph (4) of such section, to the State agency which certified the name of such individual to the Secretary. Subject to such rules and regulations as may be prescribed by the Secretary, the eligibility of any individual for surplus food-*fiber* certificates shall be determined by the State agency making the payment by reason of which the individual is eligible for such certificates.

(c) Surplus food-*fiber* certificates shall not be transferred except as provided in this title, and shall be valid only with respect to purchases made by or on behalf of the person to whom they are issued.

REDEMPTION OF SURPLUS FOOD-*FIBER* CERTIFICATES

SEC. 307. (a) The Secretary shall provide for redemption, through the cooperation of banking institutions throughout the Nation, of surplus food-*fiber* certificates. For such purposes, he shall designate banking institutions which shall be authorized to accept such certificates from sellers of food-*fiber* products at retail. Institutions so designated shall pay at the time of presentation in cash or by credit to a demand deposit the full value of all surplus food-*fiber* certificates presented to them.

(b) Banking institutions accepting surplus food-*fiber* certificates may present to the Secretary, or such other agency as the Secretary may designate, evidence of the deposit with them of surplus food-*fiber* certificates presented by retail sellers of food *and fiber* products, together with appropriate vouchers. Such evidence of deposit and vouchers shall ve considered complete documentation for payment and payments may be made thereon.

(c) The Secretary may advance moneys to banking institutions, where such action appears necessary, to provide funds for the redemption of surplus food-*fiber* certificates. Such advances shall be accounted for by such banking institutions at least monthly.

(*d*) The Secretary may contract to pay banking institutions designated to receive surplus food-*fiber* certificates a charge determined by the Secretary to be reasonable for the services rendered in acting as such depositories.

SEC. 308. The Secretary may, from time to time, issue such rules and regulations as he deems necessary or proper in order to carry out the purposes and provisions of this title.

CRIMINAL PROVISIONS

SEC. 309. (a) Whoever shall falsely make, alter, forge, or counterfeit or cause or procure to be falsely made, altered, forged, or counterfeited any surplus food-*fiber* certificate or certificate similar thereto for the purpose of obtaining or receiving, or of enabling any other person to obtain or receive, directly or indirectly, from the United States or any of its officers or agents, any money or other thing of value, and whoever shall transfer or utter as true, or cause to be transferred or uttered as true, any such false, forged, altered, or counterfeited surplus food-*fiber* certificate or certificate similar thereto, with intent to defraud the United States, or any mercantile establishment, banking institution, or person, shall, upon conviction thereof, be fined not more than $5,000 or imprisoned not more than ten years, or both.

(b) Any person not being so authorized by this title or the regulations issued pursuant thereto, who shall have surplus food-*fiber* certificates in his possession or under his control, or any person who shall use, transfer, or acquire surplus food-*fiber* certificates in any manner not authorized by this title, or the regulations issued pursuant thereto, or who shall buy, sell, or exchange surplus food-*fiber* certificates without being authorized to do so by this title or regulations issued pursuant thereto shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than one year, or both.

SEC. 310. The Secretary shall make an annual report to Congress describing the operations of the surplus food-*fiber* certificate plan and such report shall include information with respect to the following: The number of individuals entitled to receive such certificates; the extent to which such plan has been effective in improving or maintaining health; the effect of such plan on the

expenditure habits of recipients of such certificates; the extent to which such plan increases the consumption of agricultural products; the benefits derived from the plan by wholesalers, retailers, processors, and producers of agricultural products; the extent to which such certificates have been improperly used, and the amount and type of administrative expenditure incurred in carrying out such plan.

SEC. 311. The Secretary of Agriculture is authorized to transfer to the Secretary for use in carrying out the provisions of this title, funds made available under section 32 of the Act of August 24, 1935 (Public Law Numbered 320, Seventy-fourth Congress), to the extent that the Secretary of Agriculture determines that such transfer will carry out the purposes of such section and to the extent that such funds may be so transferred without interfering with other programs under such section. There are hereby authorized to be appropriated such further sums as may be necessary to carry out the provisions of this title.

SEC. 312. Supplementary benefits received under this title shall not be deemed to be income or resources for the purpose of sections 2 (a) (7), 402 (a) (7), 1002 (a) (8), and 1402 (a) (8) of the Social Security Act.

SEC. 313. The provisions of this title shall expire on June 30, 1958, except that the provisions of section 307 relating to the redemption of surplus food-*fiber* certificates shall continue in effect until December 31, 1957.

Mr. JOHNSON. It is apparent that those made eligible for food certificate under the Kerr amendment to H. R. 7225 can be determined in a simple and easily understood manner. Such determination does not involve time-consuming nor complicated administrative procedures. There is no need for a means test. Thus we see the elimination of undesirable procedures for determining eligibility. Eligibility for assistance is left to local public welfare officials. Clearly defined lines are provided in connection with those receiving unemployment insurance and those receiving public assistance outside the Federal program.

The provisions for determining eligibility under the Kerr amendment should not prove embarrassing in any way to families or individuals. Merchants for the most part are already aware of the families and individuals receiving public assistance. It is evident that in this and other respects, the Kerr amendment you are considering is entirely workable. It is both practical and realistic in the objectives set forth therein and is ideally associated with the programs of public assistance administered by the Health, Education, and Welfare Department and by State and local agencies.

In this respect, I urge you to carefully consider whether the adverse report made by Secretary Folsom has any merit and whether the needs of your low-income, low-consumer constituents should not be the foremost consideration in making the decision you will make on the Kerr amendment.

All of us will agree that our Nation will be better off if everyone has enough to eat for good nutrition. There seems no doubt from the scientific studies that people will buy and use enough food for good nutritional standards if they can afford to do so.

Every dollar given to a recipient of public assistance under the Kerr amendment in the form of a food-fiber certificate will be a high velocity dollar. Such a dollar would create demand for goods, pull into the labor market additional workers who are now unemployed, enable farmers to produce more food and fiber, eliminating the need for further drastic acreage reductions, and increasing farm income. The dollars provided these low-income consumers in the form of food-fiber certificates would reflect the kind of increased consumption that

is the key to the future of the United States economy. Money spent to help our low-income, low-consumer groups will do more to create additional goods and wealth than money spent in any other way.

Food-fiber certificates will be spent along with all the other disposable income of these public assistance recipients who have no savings accounts.

A food-fiber certificate plan such as you have before you will not only increase the food purchases of low-income consumers and the sales of farmers but will also increase the volume of sales of mercantile establishments.

Food and fiber handlers and their employees will benefit because the food-fiber certificate plan will operate through normal marketing channels.

Mr. Chairman, I strongly believe that the food-certificate plan would benefit a great number of people in the United States in and out of the group of farmers, needy people, and food and fiber and handlers already mentioned. But because I am before you in behalf of farm families, I feel that you are looking to us for the views of farm people. It will not come as news to the members of the committee, Senator Kerr, for me to express the overwhelming support farm families give to a food certificate or stamp plan such as yours. Farmers are convinced that food made available to low-income consumers without cost is morally right on two counts as follows:

1. Farmers believe that to allow farm productive capacity or produced food to be idle or go to waste if there are hungry people who need it is morally wrong if this can be prevented in some manner that will not bankrupt farmers in the process.

2. Farmers believe that everybody in America ought to have enough to eat even though they are unable for some reason to earn enough income to pay for it.

Wallaces' Farmer and Iowa Homestead has conducted a series of scientific opinion polls on this subject among farmers of Iowa; two of which were reported in the May 1, 1954, issue. In 1953, a scientific sample of Iowa farm people was asked the following question:

A dairy committee is recommending the following method of getting rid of Government supplies of butter and cheese. Issue stamps worth 50 cents on a pound of butter and 25 cents on a pound of cheese. Give stamps to folks on relief rolls, to hospitals, and to other institutions. What do you think of the proposal?

On this the vote was:

	Republicans	Democrats	Total
	Percent	*Percent*	*Percent*
Good idea	65	69	66
Bad idea	21	17	20
Undecided	14	14	14

In 1954 the following question was asked of Iowa farmers:

Congress is considering a food-stamp program which would turn food surpluses over to the unemployed and those now getting public assistance. Do you think this is a good idea or a poor idea?

	Republicans	Democrats	Total
	Percent	*Percent*	*Percent*
Good idea	76	75	76
Poor idea	19	19	19
Undecided	5	6	

The article concludes, "Farmers are apparently more interested in food stamps now than last year."

We in Farmers Union are firmly convinced that farmers in the other 47 States share the opinions on this subject of the Iowa farmers interviewed in these polls.

The magnitude of the benefits of the food-fiber-certificate program you are considering will be directly proportioned to cost in Federal outlay.

Senator KERR. I would like to suggest that you recheck your figure on the 1954 poll because I think that you will find that the percentage given under "poor idea" and "undecided" should be reversed.

I think you will find from the testimony of the witness a little while ago that those who thought it was a poor idea were the 5 and 6 percent, and that the undecided was the 19 percent.

Mr. JOHNSON. I will check that, Senator Kerr.

Senator KERR. I will be glad if you would so that if I am wrong I could be corrected and if this is an error the record might be corrected.

Mr. JOHNSON. I will be glad to check it, but the previous witness from Wallaces' Farmer and Iowa Homestead, Mr. Thompson I understand brought this up to date with another poll which came at a later date. I was very glad to see that this additional poll was put into the record, because I think it showed that in the overall the farmers are even more interested in a food stamp plan in the recent poll than they were in the poll in 1954 which you indicate there may be a mistake in.

The economic benefits of the program are such that, in addition to the undebatable human benefit to low-income consumers involved, Federal tax receipts made possible from the increase in growth of our national output will more than pay for the cost of the program.

I have with me additional information which I feel will be of value to the committee in your deliberations.

Senator Kerr, this material I have provided for the committee is directed for the most part to your amendment.

Senator KERR. I will be very glad to have it made a part of the record because I think it is information of certain pertinency and such value that it would be a constructive and beneficial thing to have made part of the record.

Mr. JOHNSON. The material will provide specific information on the following points:

1. National implications of food-fiber certificate plan.
2. Estimated number of participants and government expenditures under the Kerr food-fiber certificate amendment to H. R. 7225.
3. Quantity per person of food used by families in different income groups.
4. Family income required to afford an adequate diet.
5. Farmers opinion of food-stamp plan.
6. Enough to eat for all.

7. Abstract of remarks by Rainer Schickele, North Dakota Agricultural College, on food subsidies for low-income families, at National Farmers Union Dairy Producers Conference, Madison, Wis., January 22–23, 1954.

8. Expanding full employment economy.

I request your permission, Mr. Chairman, to insert this material in the record at this point in my testimony.

(The material referred to is as follows:)

NATIONAL ECONOMIC IMPLICATIONS OF NATIONAL FOOD ALLOTMENT CERTIFICATE PLAN

Enactment and operation in 1956 of the food and fiber certificate plan introduced by Senator Kerr and 22 other Senators would make the following changes for the better in the national economy and the income position of farm families, food handlers, and low-income consumers:

1. About 7 million low-income consumer families not now having adequate diets or clothing standards would be issued $120 per year of certificates to improve their purchasing power.
2. National farm gross income would be raised by operation of the plan from the $32.5 billion expected in 1956 to $33.6 billion.
3. National farm total net income of farm operators from farming would be increased from the expected $10.2 billion to $11.3 billion, or more than 10 percent.
4. Dollar sales volume of grocery and other food and retail stores would be increased by about $3 billion.
5. Gross national product would probably be increased by about $5 billion.
6. Federal revenue from individual and corporate income taxes would probably be raised by approximately $1 billion, or more than enough to pay the cost of the food certificate program.
7. Prices received by farmers for food and fiber commodities would rise in the market place by an average of about 6 percent, varying by commodity and depending upon official policy affecting the release of stocks owned by Commodity Credit Corporation.

FARMER'S STAKE IN ESTABLISHMENT OF KERR FOOD ALLOTMENT CERTIFICATE PLAN

All farm-operator families would benefit from the program because every dollar of food subsidy would increase the market demand for farm-produced commodities. In addition, those farm families eligible under the Kerr food allotment certificate plan would benefit directly as participants in the food-stamp program itself.

If the Kerr food allotment certificate program were in operation, it could be expected that about $1 billion of added purchasing power would be added to the retail food and fiber market. This would be a net increase of about 2 percent over and above the $46 billion that consumers spent for food in 1954. This 2-percent increase in consumer demand for food and fiber would translate itself into a 6-percent increase in the average prices received by farmers for sale of food and fiber products.

The result of augmenting consumer demand by food-stamp subsidies to low-income families of the scope that would be established by the Kerr amendment would lead directly to an approximate increase in prices received by farmers of about 12 percent, if the volume of farm marketings were not increased.

If the volume of marketings were increased to fully meet the increased demand, prices received by farmers might stay at present levels and national farm gross income would be increased by virtue of the 2-percent larger volume of sales.

An average 6-percent increase in prices received by farmers would raise the farm-parity ratio from its current level of 80 to at least 85. National farm gross income would be increased by about 3½ percent above expected 1956 levels and farm operators' realized net income would be increased over the expected 1956 level of $10.2 billion by at least 10 percent.

Operation of the Kerr food allotment certificate plan in 1956 would raise the realized net income of farm-operator families from its expected level of $10.2 billion to at least $11.3 billion. This would be an average increase per producing family farm of almost $300 per year per family.

ESTIMATED NUMBER OF PARTICIPANTS AND GOVERNMENT EXPENDITURES UNDER THE KERR FOOD-FIBER CERTIFICATE AMENDMENT TO H. R. 7225

The approximate numbers of persons who would be eligible under the Kerr amendment are as follows (based on information obtained from the Health, Education, and Welfare Department):

	November 1955
Old age assistance	2,554,696
Aid to dependent children	1,664,785
Aid to families caring for dependent children (usually only 1 member of family is assisted)	598,137
Aid to blind	104,717
Aid to other disabled	242,119
Total	5,164,454

In addition, the recipients of unemployment compensation would be eligible for food-fiber certificates under the Kerr amendment. The number of such recipients would of course vary depending on whether the United States economy is growing or shrinking. For purposes of estimating the number of unemployed workers to receive food-fiber certificates, we can look at the number of workers receiving unemployment compensation for the week ending February 4, 1956, 1,513,000. The average number of insured employed workers receiving compensation during 1955, averages less than this amount. However, it appears that for purposes of calculating Federal expenditures in connection with the Kerr amendment, 1,513,000 would be realistic.

Insured employed receiving compensation (week ending February 4)	1,513,000

In addition to the numbers indicated above, there are probably about a million other persons who conceivably could qualify under section 305 of the amendment. This number would be the persons receiving assistance from States or their political subdivisions and persons for whom the State welfare or public assistance agency might certify as being eligible for food certificates as provided in paragraphs 305 (4) and 305 (4) (b).

Others eligible for food certificates (estimate)	1,000,000
Grand total (estimate of persons eligible under section 305 of the Kerr amendment to H. R. 7225)	7,677,454

The grand total of persons to receive food certificates under the Kerr amendment is an estimate, of course. The total number eligible would depend largely on the number of persons certified outside of titles I, IV, X, and XIV, of the Social Security Act and outside the persons receiving unemployment compensation.

There would appear to be little possibility of duplications in the total number of persons estimated as eligible for food certificates.

TABLE I

Total number eligible (estimate)	7,677,454
Cost per person per year	$120
Total Federal expenditure (million dollars)	$921

It is interesting to compare the total number of persons eligible under the Kerr food allotment certificate plan to the total number of families and individuals in the under $2,000 income group. Table II, which follows, indicates that 6.2 million families have incomes under $2,000; 2.4 million individuals have incomes under $1,000. Counting 4 to a family in the under $2,000 income group, there are 24.8 million individuals who would benefit from a food-fiber certificate plan. Adding to the 24.8 million individuals in family groups, the 2.4 million unattached individuals, the total number of individuals in the low-income category is 27.2 million.

The Kerr food allotment certificate amendment applies to about 7.6 million individuals. It is clear that some of these individuals are members of families and some are not. In any event, the Kerry food allotment certificate plan does not reach all persons who would buy more food if their income was increased. The Kerr amendment does provide for assisting those persons at the very bottom of the economic ladder.

TABLE II.—*Number of families and detached individuals in different income classes in United States, 1953*

Annual income class before taxes	Number of families (million)	Percent of all families	Unattached individual	
			Number (million)	Percent
Total	39.8	100 0	9 1	100
Under $1,000	1 5	3.7	2 4	26
$1,000 to $1,999	4 7	11.9	2 7	30
$2,000 to $2,999	6.0	15.1	2.1	23
$3,000 to $3,999	7.5	19 0	1 0	11
$4,000 to $4,999	6.6	16 6	4	5
$5,000 to $7,499	8.3	20 7	3	3
$7,500 to $10,000	2 7	6 8	.1	1
$10,000 and over	2.4	6 2	.1	1

Source: Survey of Current Business, U. S. Department of Commerce, March 1955.

The following table indicates the weekly per person purchases of different categories of food by families in different income groups:

Quantity per person of foods used by families in different income groups

Income groups	Milk equivalent	Fats and oils	Flour meal cereals	Bakery products	Eggs	Meats, poultry, and fish	Sugar, sweets	Fresh, frozen, and canned fruits and vegetables	Potatoes and sweet-potatoes
	Quarts	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Under $2,000	3. 69	0. 88	1. 88	2 21	0. 44	2. 69	1. 24	6 81	1. 89
$2,000 to $2,999	4. 39	. 85	1. 38	2. 35	. 48	2. 83	1. 18	7. 73	2. 14
$3,000 to $3,999	4. 83	. 91	1. 26	2. 61	. 54	3. 14	1. 31	8 53	2. 23
$4,000 to $4,999	4. 87	. 86	1. 16	2. 53	. 56	3. 25	1. 17	9. 68	2. 13
$5,000 to $7,499	5. 15	. 85	. 99	2. 35	. 56	3. 43	1 06	10 32	1. 73
$7,500 and over	5. 12	. 86	. 96	2. 21	. 61	3. 61	. 99	10. 96	1. 70

Source: Home Economics Branch. Agricultural Research Service.

Family income	Approximate per capita consumption index					
	Dairy products (excluding butter)	Butter	Meats	Potatoes	Cereal products	All foods
$1,000	100	100	100	100	100	100
$3,500	200	180	170	85	80	145
$7,000 and over	250	225	215	80	75	175

A typical family with a $3,500 income consumes about 45 percent more foods of all kinds per person than a family with $1,000 income; of dairy products (excluding butter) 100 percent more; of meats 70 percent more. These consumption rates increase further with rising incomes up to about the $7,000 level. Beyond that, food consumption increases little or not at all.

FAMILY INCOME REQUIRED TO AFFORD AN ADEQUATE DIET

The latest available comprehensive data bearing on this question was published by the House Economics Brand of the Agricultural Research Service in October 1954. The publication reports data on family income and food expenditures in 1948. Since 1948, retail prices of food have advanced only 6 percent while the cost of living index for all items of family expenditure has increased by 11 percent. Thus while retail prices of food have gone up, they have gone up relatively less than other commodities. This means that to maintain their 1948 level of nonfood purchases, a family in a particular income class would have to reduce food purchases even though they could buy 6 percent less food in 1954 than in 1948 with the same outlay.

This means that the figures shown in table IV actually underestimate the fund available from a particular income for the purchase of food.

TABLE *IV.—Family expenditures for food, annual rate, 1948*

Income class (1947 income after income tax)	Average 1947 income after Federal income tax (dollars)	Average family size (number of persons)	Expenditures for food (annual rate)	
			Amount (dollars)	Percentage of income (percent)
Under $1,000	610	2.5	728	74
$1,000 to $1,999	1,555	2.9	884	45
$2,000 to $2,999	2,505	3.3	1,228	41
$3,000 to$3,999	3,485	3.5	1,444	35
$4,000 to $4,999	4,421	3.5	1,560	32
$5,000 to $7,499	5,861	3.4	1,630	24
$7,500 to $9,999	8,609	3.6	2,062	21
$10,000 and over	14,924	4.0	2,522	14

Source: Home Economics Branch, Agricultural Research Service.

Comparing the data in table IV with those in table I, it appears that families with incomes of $2,500 or more are able to buy from their income the equivalent of the minimum low cost nutritionally adequate diet. With an average of 3.3 persons that spend $1,200 per year for food that more than covers the cost of a minimum adequate diet. Families with less income than $2,000, however, were spending a greater proportion of their income for food and still were short of funds to buy minimum adequate diets. If they did poor shopping or were at all wasteful in their food use or expenditures, the diets of these families were even more inadequate than the figures indicate.

It is clear that families eligible under the Kerr amendment for food-fiber certificates would fall in the group having incomes less than $2,000 annually. Thus the families eligible under the Kerr food-fiber certificate plan are the families who are now unable to afford adequate diets. While the table above does not contain statistics as to amount of income and percentage of income expended for clothing, it is evident that families in the less than $2,000 annual income group do not have the purchasing power to meet even minimum clothing needs.

FARMERS' OPINIONS OF THE FOOD-STAMP PLAN

We believe that farm families overwhelmingly support enactment of the food stamp or similar program. They are convinced of its desirability not only because of the influence it would have in increased farm incomes. Farmers are convinced that food subsidies to low income consumers are morally right on two counts:

1. Farmers believe that to allow farm productive capacity or produced food to be idle or go to waste if there are hungry people who need it is morally wrong if this can be prevented in some manner that will not bankrupt farmers in the process.

2. Farmers believe that everybody in America ought to have enough to eat, even though they are unable for some reason to earn enough income to pay for it.

Wallace's Farmer and Iowa Homestead has conducted a series of scientific opinion polls on this subject among farmers of Iowa; two of which were reported in the May 1, 1954, issue. In 1953, a scientific sample of Iowa farm people were asked the following question:

"A dairy committee is recommending the following method of getting rid of government supplies of butter and cheese. Issue stamps worth 50 cents on a pound of butter and 25 cents on a pound of cheese. Give stamps to folks on relief rolls, to hospitals, and to other institutions. What do you think of the proposal?"

On this the vote was:

	Republicans	Democrats	Total
	Percent	*Percent*	*Percent*
Good idea	65	69	66
Bad idea	21	17	20
Undecided	14	14	14

In 1954 the following question was asked Iowa farmers:

"Congress is considering a food stamp program which would turn food surpluses over to the unemployed and those now getting public assistance. Do you think this is a good idea or a poor idea?"

	Republicans	Democrats	Total
	Percent	*Percent*	*Percent*
Good idea	76	75	76
Poor idea	19	19	19
Undecided	5	6	5

The article concludes: "Farmers are apparently more interested in food stamps now than last year."

We in Farmers Union believe that farmers in the other 47 States share the opinions on this subject of the Iowa farmers interviewed in these polls.

ENOUGH TO EAT FOR ALL

I have a deep personal conviction that the stage of history has been reached when no one—not one single person—needs to be hungry or undernourished or to have a substandard diet.

The age of nature-imposed scarity is past. No longer is mankind doomed by nature to starvation for a part of its people every year. Particularly in the United States, the farm productive power is abundantly and efficiently available to easily provide a fully adequate diet every day for every person within our borders.

Let us examine what this great food productive power means in human terms. It means that food is no longer a scarce good in the sense that not enough total supply can be provided to give everybody enough. To provide adequate diets for some does not require that others have inadequate diets. With respect to food, at least, our Nation particularly, and the whole world, if we but knew it, has not only left behind the age of scarcity, we have even passed through the age of plenty and are on the threshold of the age of abundance.

No human being, in his right mind, would think of depriving another human being of enough air to breathe. Nor are there many among us who would deprive a fellow human being of enough water to quench his thirst, whether he had any money to pay for it or not.

Of course, produced food has not reached the relative abundance of air; nor is its acquisition as inexpensive, thus far, as drinking water in most parts of the country. However, our era in our own country has seen food pass into this area of abundant goods, which, as necessary to life as air and water, are sufficient and low enough in cost that none need go without.

There is every reason to adopt as a basic national premise that no one within our borders shall lack the food for good nutrition. The legal concept here is that we as a Nation are now in a position to assert a new right in the Constitutional Bill of Rights—the right of each individual to enough of the right foods for adequate nutrition irrespective of whether the individual does or does not have the ability or opportunity to earn the purchasing power required to obtain enough of the right food.

The central point here is that we as a Nation have now progressed to the place where we safely can, and morally should lay aside the John Smith principle of national life. No longer must our rule be "he who does not work shall not eat," as vital and useful as that principle was in an earlier stage of our history. Now we must learn to live with abundance and like it. Our halting efforts in that direction seem to indicate that the process of learning to live with abundance

is almost as painful psychologically for a few in the population as the attempt to live with scarcity was physically painful for many in the population.

The very fact that this committee has scheduled this hearing today is evidence that the Nation is groping toward the adoption and acceptance of this human right of "Enough to Eat." The concept is that society as a whole or the Nation operating through its Federal Government will stand ready to provide enough food for good nutrition to all those who do not have the opportunity to earn incomes sufficiently large to buy it.

Quite likely these ideas will seem shocking to some on first thought. However, our Government has long since accepted these ideas and acted on them in a limited way.

The need of the present time is to act upon these familiar ideas in boldly large ways. In our public eleemosynary institutions we provide food through Government even to ill or disabled criminals who cannot work. The same is true of those unfortunates in our mental health institutions. Do not our aged, our involuntary unemployed, our disabled and our widowed mothers and dependent children have equally strong claims for adequate food as these other groups? Obviously the answer is "yes" from a human justice standpoint and as a showcase to the rest of the world that the democratic competitive enterprise system can provide abundance and use it wisely.

It is now more than 15 years ago that a few timid experiments were made by the United States Department of Agriculture in the operation of the Food Stamp Plan. This activity had to be dropped owing to scarcities brought on by World War II. But the idea did not die. It has lived on in the Food Allotment bills introduced in each new session of the Congress by many Members, including the former chairman of the Senate Committee on Agriculture and Forestry. The underlying public philosophy is an expression of the humanitarian ideal in an era of abundance applied to food. There is every good reason why our Nation should right now boldly step forward and adopt the Kerr food-fiber certificate plan, in total, without paring down its scope or operation. In approving the amendment before you, you will be giving acceptance to the underlying concept of "Enough to Eat for All."

Enactment of the Kerr amendment would be a vast step forward by the Federal Government in the field of food policy on which it is already embarked. Doing so it would make use of and augment consumer purchasing power and move a larger volume of food thrugh normal channels of processing and trade.

There are somewhere between 3 and 4 million involuntarily unemployed workers in our Nation. In the recent past, the number has been even greater. Unless more expansive Federal policies are adopted than those now in effect the number of unemployed will grow in a chronic rise over the years ahead. More than half of our farm operator families have incomes less than $2,000, almost half of the Nation's unskilled and service workers have incomes of less than that amount. The aged, the blind, the dependent handicapped and dependent widows and children have incomes so low that they cannot afford to buy enough of the right foods for adequate nutrition. Public assistance, whatever the level, needs supplementing to increase purchasing power.

Farm-operating families suffer poor incomes because nearly 12 million people suffer relative hunger in our Nation. It's high time the Nation corrected this unnecessary and essentially brutal situation. We are stepping into the age of abundance, now is the time to grow up to our potentialities and stand up to our responsibilities. Now is none too early to start making a full reality of the "Enough to Eat for All" goal which is already incorporated in our legislation and our public morality in this country.

ABSTRACT OF REMARKS BY RAINER SCHICKELE, NORTH DAKOTA AGRICULTURAL COLLEGE, ON FOOD SUBSIDIES FOR LOW INCOME FAMILIES, AT NATIONAL FARMERS UNION DAIRY PRODUCERS CONFERENCE, MADISON, WIS., JANUARY 22–23, 1954

The following comments reflect my personal views as an economist and citizen, and I take full responsibility for them. I have no ax to grind. I am not a farmer, nor a businessman. I am a student of the social science, and my job is to help people figure out how to make a better living and develop a better society.

LOW-INCOME FAMILIES NEED MORE AND BETTER FOOD

Retired persons, old-age pensioners, unemployed, and the larger families in the unskilled and white-collar labor groups feel the inadequacy of their diet every day, both as to quantity, quality and composition. They respond much more

readily to a price decline or an income increase by consuming more and higher quality foods than the higher-income families who have achieved a diet they consider adequate and sufficient. A substantial part of total food consumption goes to the well-fed families who won't buy much more food even at greatly reduced prices, or even if their income would increase still further.

Hence, in order to achieve expanded consumption where it is most needed and without depressing prices so much as to jeopardize producer incomes and future supply increased consumption can be stimulated selectively, in those vulnerable groups who are below adequate consumption rates and who respond to lower prices or increased incomes by buying more and nutritionally better foods. To give some indication of the magnitude of responses that can be expected, look at these food consumption rates per person in various income groups:

Family income	Approximate per capita consumption index					
	Dairy products (excluding butter)	Butter	Meats	Potatoes	Cereal products	All foods
$1,000	100	100	100	100	100	100
$3,500	200	180	170	85	80	145
$7,000 and over	250	225	215	80	75	175

A typical family with a $3,500 income consumes about 45 percent more foods of all kinds per person than a family with $1,000 income, of dairy products (excluding butter) 100 percent more; of meats 70 percent more. These consumption rates increase further with rising incomes up to about the $7,000 level. Beyond that, food consumption increases little or not at all, except on the quality side and the services connected with food, like restaurant eating. In 1950, roughly half of the families in the United States had incomes of $3,500 or less, and about 15 percent of the families had incomes of $7,000 or more. It is very likely that the majority of the diets of families with less than $3,500 income are deficient in the higher-quality protective food like dairy products, meats, eggs, fruits, and vegetables. There is ample room for consumption expansion in these foods.

LOWER-PRICED FOOD FOR LOW-INCOME FAMILIES

One way to increase consumption in the poorer "vulnerable" groups of our population is to make it possible for them to buy food at lower prices. To illustrate the principle of what economists call "market differentiation," let us assume a community of 1,000 families with incomes of $2,000, and 250 families with $8,000 income. The first group consumes 1 quart of milk per day, the second 4 quarts, at 25 cents per quart, yielding farmers daily receipts of $500 from a total milk output of 2,000 quarts. Now, let us say these farmers, through better production methods, produce 2,500 quarts, that is a "surplus" of 500 quarts at the 25-cent price. This, of course, is no real surplus, because there are 1,000 families whose diet is pretty deficient in milk. A good economist advises them that the $8,000 families already drink all the milk they need and want, but the $2,000 families would like to, and should, drink much more. Hence, milk should be offered to the 1,000 poor families at a price that will absorb the extra 500 quarts. A plan is adopted whereby the 1,000 families can buy 1½ quarts of milk for the same expenditure with which they bought 1 quart before, and the cost of the additional 500 quarts ($125) is contributed by the community as a whole, as an investment in general health of consumers and economic stability of producers.

To some of you, this illustration might look farfetched. But it really is not. This principle was actually applied in the food stamp program of 1939–43. Families on relief could buy $1.50 worth of food stamps for $1, which means a price reduction of 33 percent for the food they bought with the stamps. This enabled them to increase their food consumption, market surpluses were reduced, and farm prices strengthened. The same principle is also inherent in our wheat exports under the International Wheat Agreement, and in all the surplus disposal programs where government stocks purchased for price-support purposes were guided into noncommercial channels such as school lunches, hospitals, and homes for the aged. But we have as yet spent very little effort in exploring the

possibilities of developing methods of consumption expansion which would meet urgent dietary needs as well as support farm prices at adequate levels.

A NUTRITIONAL FLOOR FOR THE NATION'S FAMILIES

There is at least as much reason for placing a floor under nutrition as there is for an educational floor. The cost of grade and high-school education is borne by the community as a whole, and it certainly has proven a most constructive public investment in the vitality and progress of our society. Malnutrition exerts a similar drag on the people's health, initiative and energy, as ignorance and illiteracy does on people's economic and social development. During the war, around one-third of the draftees were rejected for military service, because of defects that could be traced to malnutrition. Besides tuberculosis, poor teeth, and other health defects often associated with inadequate diets, there are such human traits as indolence, apathy, shiftlessness, and antisocial attitudes that often go with hunger.

A most comprehensive method for expanding food consumption where it is most needed is the national food-allotment program. This proposal would establish a nutritional flood below which no American family would need to fall. It grew out of the experiences under the food-stamp program and was first introduced in Congress by Senator Aiken in 1943, and in revised form again in 1945. By making payments at the rate of 40 percent of its income, any family interested in participating would receive sufficient food stamps to cover the cost of an adequate low-cost diet. For instance, if such a diet for a family of four would cost $20 per week, a family earning $35 per week would pay $14 (40 percent of 35) for a booklet of coupons worth $20, and the Government would make up the difference of $6. Any family with an income of $50 or more would find no advantage in the plan, since it would have to pay $20 for the coupons. The coupons would be spent like money in grocery stores for food, and a portion of them could be designated for buying specific foods—foods in surplus or foods needed to relieve dietary deficiency. The effective demand and prices for dairy products, poultry and eggs, meats, fresh vegetables and fruits would be greatly strengthened by such a program, and "surpluses" would disappear.

How much would such a program cost the Government? No one knows. Why don't we find out by trying it? Even if we started on an experimental scale, as we did with the crop insurance and Farmers' Home Administration programs, we could learn a lot about one of the most pressing problems of our society. For the cost of a few good battleships and atom bombs, we could go a long way in raising consumption and supporting farm prices through some programs along these lines.

INCREASING PURCHASING POWER OF VULNERABLE GROUPS

Another way of expanding food consumption is raising the income of the lower income families. Taking our 2 types of families for an example, if we add $100 to the $2,000 income, about 40 percent or so of that increase will be spent for food. If we add $100 to the $8,000 incomes, hardly any of these dollars will be spent for food. Hence, any increase in incomes of the low-income families strengthens the demand for food, while increases in the higher income families will leave food demand practically unaffected. For instance, if a tax reduction of $1 billion were achieved by increasing exceptions for dependents and lowering tax rates in the low brackets, a good part of the additional income available for spending will be spent for food. If the same reduction of a billion dollars were achieved by reducing the tax rates in the upper income brackets or in corporate profits, a much smaller percentage of the increased disposable income would be spent for food. Hence, farmers are directly interested in tax relief for low-income families, but won't benefit in any direct way from tax relief in the high-income brackets.

There are other ways to increase food consumption in the lower income groups where it is most needed. Increased old-age pensions and other social-security payments such as unemployment-insurance benefits also induce increased food consumption and strengthen the demand, and hence the price, of many farm products. We have a growing number of aged retired people who live on shockingly low incomes and have very inadequate diets. These "vulnerable" groups are entitled to a first claim on any "surpluses" that arise in any foods of which they are in physical want. Dairy products, eggs, meats, and fresh vegetables are high on the list of urgent needs for these people. Why not honor these claims and find practical ways for expanding the food consumption of these ill-nourished families up to adequate levels? Old-age pensioners under social security count upward

of 7½ million and are rapidly growing in numbers. The public costs involved can readily be looked upon as deferred wages, paid after retirement from a long and honest service to society rendered during their productive years in the Nation's labor force.

Increasing consumption of most foods and other farm products in the low-income groups is desirable and in the Nation's and the farmers' interests without question. They need more of nearly everything before they can reach adequate minimum nutritional and other living standards. But some foods are more urgently needed than others, and flour, bread, potatoes, and fats will actually show a decline in consumption rates per person, as more balanced diets are achieved. Fresh vegetables and fruits, fluid milk, cream and cheese, lean meats, poultry and eggs rank high in nutritional needs of low-income families. For these foods, consumption expansion methods have a good chance of success. Even widespread advertising and effective education concerning the nutritional role of these foods might render a useful service to consumers. This cannot be said for bread, potatoes, and fats; for these foods the need is not for higher rates of consumption, but for better quality.

PRICE SUPPORTS AND PRODUCTION ADJUSTMENTS

We hear constantly that supporting prices higher than the free market would bring leads to overproduction and inefficiency in production methods, and hampers production adjustments to meet changing demand. This can be true, if price supports are too high, but it can also be true if they are too low or not in effect at all. Improvements in technology and production efficiency are more often hampered than induced by low prices. There is ample evidence for this proposition in the comparison of farm output per man in the thirties and the forties. There is more wishful thinking than realistic experience in the saying that lower prices will force farmers to become more efficient. Cutting expenses may reduce efficiency as often as it may increase it. If prices are permitted to drop too low, we cannot be sure that efficiency will increase, but we can be sure of two things: (a) Adoption of new techniques will be retarded, as they usually require substantial cash outlays, and (b) many farmers will be poorer, sufficiently poorer to hurt their own living and morale as well as business in town.

Whatever the details of a well-designed price-support program would be, such a program certainly should not be allowed to cause a reduction in total output, nor in net incomes to farmers as a whole. We must learn to bring about desirable adjustments in production by positive incentives and guided shifts in resource allocation, utilization channels and consumption, rather than by forcing deprivation and bankruptcy upon hundreds of thousands of farm families who are now living on precariously low incomes and are highly vulnerable to even minor price declines. The fact that a minority of fairly large-scale and financially well-situated farmers could get by with lower prices is no ground for undermining the livelihood of the majority of small-scale family farmers who produce the bulk of the national food output.

STRONGER BARGAINING POSITION OF FARMERS

Competition is a potent and constructive force in our economy. But it works better and more to the benefit of people, of consumers and producers alike, if it performs in a tamed market than in a rambunctiously free and undependable one. Business, trade, and labor have learned that lesson well and have made effective use of it. Why should farmers be singled out as the only group of people whose moral fiber, initiative and competence would dwindle away if their livelihood were a bit better and a bit more secure—that is, a bit more like that of their fellowmen in town?

To achieve the bargaining power needed to develop such pricing techniques and consumption programs, farmers will have to work through cooperatives or through government, or both. Individually, they are powerless to bring about any significant changes in market organization. Improvements in market organization along these and similar lines will come about only through concerted group action on the part of farmers, through their farm organizations and their cooperatives. We can expect the distribution trade and the consumers and the government to go along and help develop such market improvements, but we can hardly expect them to take the initiative. That is the farmer's responsibility

EXPANDING FULL EMPLOYMENT ECONOMY

National Farmers Union continues to support all policies and programs such as: Interest rate reduction; increased personal income tax exemption; expanded school, hospital, highways, hydroelectric and irrigation dam construction, and other public works; higher minimum wages; more nearly adequate social security protection for unemployed, disabled and retired citizens; and protection of rights of organization and collective bargaining of those who work for employers; that will help maintain an annual expansion of the total national economy of at least 6 percent per year.

Full consumption by many groups in the Nation can be maintained only in an expanding full employment economy. The economic history of the Nation shows that over the 45 years for which statistical data are available, the people engaged in the least protected and most vulnerable areas of the economy, notably farmers, migratory farm labor, coal, textiles, and small business generally, tend to lose purchasing power when the total national economy grows by less than 10 percent above the previous year.

Recognizing that economic growth as rapid as 10 percent a year might bring inflation, yet knowing that a slower growth rate means falling consumer incomes and purchasing power and therefore falling consumer demand, National Farmers Union continues to urge adoption of special governmental consumption-expanding programs as well as maintenance of a national economic growth rate of 6 percent yer year. With national economic growth rate of about 6 percent, industrial unemployment would be reduced to a fractional minimum and consumers' purchasing power would be at a maximum consistent with a stabilized price level.

If an annual economic growth rate of 6 percent per year were maintained practically all who are able to work would have sufficient buying power to maintain a level of food purchases to provide adequate nutrition. The Kerr Food Allotment Certificate Plan can be of great benefit in maintaining nutritional standards of low-income people who are unable to earn sufficient income in a full employment economy.

Mr. JOHNSON. I sincerely appreciate this opportunity to appear before the committee in behalf of what I consider one of the most pressing and most important legislative matters before the Congress.

Senator KERR. A number of statements submitted by Senator Olin Johnston, Senator Fulbright, Senator Chavez, Representative Rabaut, Representative Henry Reuss, Alex Dickie, Jr., president of the Texas Farmers Union, all supporting this amendment, and they will be made a part of the record.

We have a statement here by Senator Allen Frear, one of the authors and sponsors of this amendment which at his request also will be made a part of the record.

(The material above referred to are as follows:)

UNITED STATES SENATE,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
March 1, 1956.

Hon. HARRY F. BYRD,
Chairman Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR HARRY: The Food Stamp bill, now before your committee in the form of an amendment to the social security bill (H. R. 7225), is scheduled for a hearing on Monday, March 5.

As a cosponsor of this measure (originally S. 627), I am vitally interested in this matter. I write you to urge favorable action by your committee on this amendment to the Social Security law.

I believe that in passing this amendment we will not only be helping our needy people but will also be helping to relieve our surplus food problem. Surely in this great Nation of ours, with our Christian heritage we would be negligent to have on hand mountains of surplus food and at the same time refuse to make it available for our needy people. It is hardly justifiable for our Government to be giving billions to aid foreign countries, while on the other hand we hesitate to hand out food to our own people.

I sincerely hope the committee will give deep consideration to this amendment and will report it favorably. I will also appreciate it if you will have my letter entered in the record supporting passage of this measure.

While discussing amendments to H. R. 7225, I would like to reemphasize my interest in the amendment which would reduce the retirement age from 65 to 60 for those persons who are unable to work because of disability. There are many people who have earned their retirement but who, by law, cannot retire because of this small age differential. This amendment would not enable anyone to retire unless he is incapable of employment because of some disability factor. I feel sure that such an amendment will not disrupt the Social Security program and, at the same time, will bring justice to people deserving this retirement.

Thanking you for your consideration of these matters, I am, with best wishes

Sincerely yours,

OLIN D. JOHNSTON

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
February 22, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: It is my understanding that the language of S. 627 has been offered as an amendment to H. R. 7225, which is now pending before the Committee on Finance. As you know, this measure provides for supplementary benefits for recipients of public assistance and benefits for others who are in need.

Not only do I believe that the proposed food certificate plan should be enacted for humanitarian reasons but I also believe that it will contribute to better utilization of our reserve food stocks. Through the use of food certificates the established trade channels would not be disrupted and on the whole business activity would be stimulated in the depressed and underdeveloped areas in this country.

I sincerely hope that the committee will give favorable consideration to this amendment to H. R. 7225.

With kind regards, I am

Sincerely yours,

J. W. FULBRIGHT.

UNITED STATES SENATE,
Committee on Public Works,
February 25, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: March 5 the Senate Committee on Finance will hold hearings on the Food-Stamp bill by Senator Kerr, and in view of the conditions in New Mexico and elsewhere, I believe the committee would be well advised to take positive action on this particular amendment.

In essence, the amendment is designed to aid needy people and I think there can be no quarrel with the objective. It simply makes surplus foods available to people in want, and we have a great many of those. It would also help in disposing of our agricultural surpluses to the very people who most need this over-production of certain farm items. In the case of New Mexico, the average monthly payment to some 10,000 people on the welfare rolls is about $32. I know a surplus food certificate worth $10 would be of far more help and appreciation than can be expressed in this brief statement.

In light of the administrations' sending to the Congress a depressed areas bill, and the hearings by the Senate Committee on Labor and Public Welfare on these same depressed areas, indicates the Congress may well have such a program in the event of future need.

With every good wish, I am

Sincerely,

DENNIS CHAVEZ.

STATEMENT OF LOUIS C. RABAUT, MEMBER OF CONGRESS

Mr. Chairman, I appreciate this opportunity to make my views known to your distinguished committe in support of S. 627, which has been introduced as an amendment to the Social Security bill.

As everyone here is familiar with the purposes of the bill, I shall only deal with the pressing need for, and implementation of, legislation of the type proposed in S. 627.

In an industrial city such as Detroit, with its large working force and myriad of pressing social problems, the mechanics of S.627 would be particularly helpful. The foodstuffs designated as surplus by the Secretary of Agriculture in any given month would be obtained in local markets through the normal retail channels. The recipient of aid would merely redeem food stamps which the grocer would manifest to the proper authorities at a later date. Administrative costs would be kept to a minimum.

I would like to stress that the program would in no way encroach upon State sovereignty or force Federal standards or procedures upon local welfare departments. In this connection, it should be noted that first, the program is not mandatory—the States are not compelled to participate—and second, the criteria of the existing welfare program is used in determining who shall receive aid in the form of surplus food.

It is my hope that the Senate Finance Committee will report favorably on S. 627; it is a most worthy and constructive piece of legislation.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 29, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

Dear Senator BYRD: I am writing to urge favorable consideration of the amendment to the social-security bill (H. R. 7225), now pending before your committee, which provides for a surplus food-fiber certificate program.

This amendment, sponsored by Senator Kerr and 22 other Senators of both political parties, has 3 principal objectives:

1. To provide needy families, including the unemployed, the aged, the blind, the disabled, and those with dependent children, with needed supplemental food and clothing;
2. To help raise farm income by stimulating increased consumption of food and fiber;
3. To foster business activity by expanding the purchasing power of low-income, low-consumption families.

Rarely in one piece of legislation is it possible to achieve so many fruitful objectives at once at an administrative cost which should be nominal. Families now inadequately nourished or clothed will be making use of food and fiber on which the Federal Government is paying steadily increasing storage charges. At the same time, normal business channels will be stimulated through increased sales of other commodities.

This amendment, sponsored by Senator Kerr and 22 other Senators of both those who take pride in the United States ability to share equitably the fruits of its abundant economy.

I shall appreciate your inserting this letter in the record of the hearings shortly to be held on this subject.

Sincerely,

HENRY S. REUSS,
Member of Congress.

TEXAS FARMERS UNION,
Krum, Tex., February 6, 1956.

Senator BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

Dear Senator BYRD: In line with our resolutions passed at our State convention December 2 and 3, 1955, the Texas Farmers Union strongly urges the establishment of a national food allotment certificate plan. We think this

would be a most humane way of using some of our abundant agricultural production.

We in Texas Farmers Union feel that underconsumption of food here at home, by those who cannot afford adequate minimum diets, is one of the underlying reasons for the present-day surplus.

Very truly,

ALEX DICKIE, Jr., *President.*

STATEMENT OF THE HONORABLE ALLEN J. FREAR, THE SENATOR FROM DELAWARE

Mr. Chairman, I will be brief. I appear this morning in behalf of the so-called food-stamp plan which, as you know, has been placed before this committee as an amendment to H. R. 7225.

It occurs to me, Mr. Chairman, that this proposal will, in the main, serve a threefold purpose: It will help alleviate the very pressing and burdensome problem of Government surpluses of agricultural commodities; it will stimulate farm prices; and at the same time afford relief to the recipients of public assistance.

I am sure that I am not alone in my concern over our Government's bulging warehouses which are, in themselves, stark evidence of the failure of our present methods of handling the plight of America's farmers. How then are we to ease this disturbing situation?

It is apparent to me that this amendment will serve to strike at the very heart of our decreasing farm prices and increasing surpluses. If we are to increase and attempt to stabilize farm prices we must first establish and implement a system designed to rid the farmer of the surplus menace. It is my belief, Mr. Chairman, that this amendment will serve as the impetus to accomplish this goal. Let me hasten to add that I certainly do not contend that this plan will be the magic elixir to cure all the ills of the farmer and the evils of agricultural surpluses, but rather it is, I am convinced, a constructive and workable approach to a general solution.

In addition, this amendment deals directly with a problem with which the members of the committee are quite familiar, namely, the necessity for alleviating the difficulties which the recipients of public assistance face in attempting to maintain an acceptable standard of living under the present social-security system.

Under this amendment, surplus food certificates, bearing a face value of $10, will be issued as a supplementary monthly benefit to individuals receiving aid under the old-age assistance, aid to dependent children, the blind, or the permanently and totally disabled programs of the Social Security Act or similar State programs.

What this will mean to the people receiving these food certificates is apparent. Naturally the initial result will be a general easing of the overall discomforts suffered by persons who are solely dependent on their social-security benefits. Moreover, it will no doubt improve their diets which should, in turn, bear many advantages.

The distribution of these surpluses to the ultimate consumer is an important phase of this proposal and is, of course, of vital concern to our retail dealers. Briefly, these surplus products will be moved through the normal channels of trade and will not, I believe, adversely affect either our domestic or foreign economic intercourse. Retailers will buy surplus products—with cash or by redeeming used food certificates—through their usual sources of supply along with the purchase of their other goods. The net result being, of course, increased business for the merchants with a minimum of administrative burden.

The movement of these surpluses, together with the added purchasing power of the recipients of this benefit, will serve as a stimulus to increase farm prices and contribute to a general easing of the difficulties now facing our farmers.

In conclusion, Mr. Chairman, this plan is designed to afford direly needed aid to our farmers, to offer increased relief to persons now on the public assistance rolls, while at the same time attacking our burden of agricultural surpluses and indirectly benefiting our processors and distributors of agricultural products.

Thank you.

Senator KERR. There will be other telegrams and communications submitted to the reporter to be made a part of the record.

(The documents referred to above are as follows:)

STATEMENT PREPARED BY SENATOR ELLENDER FOR INCLUSION IN THE HEARINGS OF THE SENATE COMMITTEE ON FINANCE, CONCERNING AN AMENDMENT TO THE SOCIAL SECURITY BILL, H. R. 7225, WITH REFERENCE TO A FOOD-STAMP PLAN.

Mr. Chairman and members of the committee, it is perhaps the greatest paradox of our time that even as our Government warehouses bulge with burdensome surpluses of stored commodities and foodstuffs, there are thousands of Americans who still do not receive an ample diet.

The legislation presently before this committee would enable our Government to use the present surpluses of foodstuffs in a humane and realistic manner. This legislation would permit many thousands of needy Americans to gain access to the abundance which our lands have produced, and which presently lie unused.

I would remind the committee that, when measured by the benefits it would produce, the proposed program would not be an expensive one. As a matter of fact, it would be much less expensive than the multibillion-dollar programs the United States has already engaged in as a means of raising the living standards overseas. Even as the flow of American aid continues undiminished to foreign lands, we have but to look around our own Nation to discover that thousands of our own people are also in need. I do not believe that this Government can conscientiously deny its own citizens the benefit of at least a modicum of the same generous treatment it has extended to those less fortunate human beings in other lands.

There is no reason for the food-stamp plan to interfere with normal marketings of foodstuffs. As a matter of fact, the plan would actually increase these marketings by increasing the consumption of basic food items among families and individuals, who, at present, are without the means of obtaining for themselves an ample diet.

Perhaps the greatest objection to this program that I have encountered is the fact that it would be difficult of administration. In all sincerity, I do not believe that this committee can in good conscience deny the benefits of such a program to those of our citizens who so urgently need it, merely because the implementation of it would pose administrative difficulties. As a matter of fact, I feel convinced that if the program were placed in sympathetic hands, and if the administrative problems were viewed realistically and their solution were attempted by a sympathetic administrator, the objections heretofore raised would be only phantom objections.

As with any new program, there will no doubt be impediments in the initial operation of this plan. Nevertheless, the overriding objective which must be achieved outweighs entirely any administrative difficulties which, in theory, may be advanced in opposition to the food-stamp plan. I do not believe that this committee, the Congress of the United States, or that portion of our population which is economically able to provide the means of its own sustenance can in good conscience declare to those less fortunate that we intend to permit tons of potential foodstuffs to lie idle in Government warehouses while thousands of Americans are underfed.

I urge this committee to adopt the proposed amendment. I feel sure that if the Congress can be but given the opportunity to weigh this matter on its merits, it will determine that, in the interest of humanity and the ultimate welfare of those less fortunate American citizens, it must be enacted into law.

STATEMENT BY MARIE KIEFER, SECRETARY-MANAGER, NATIONAL ASSOCIATION OF RETAIL GROCERS, ON SENATOR KERR'S FOOD STAMP CERTIFICATE AMENDMENT TO H. R. 7225, MARCH 5, 1956, BEFORE THE SENATE FINANCE COMMITTEE

The National Association of Retail Grocers represents independent food market operators. Its headquarters are at 360 North Michigan Avenue, Chicago 1, Ill.

The members of this association number about 62,000, and operate both large supermarkets and small stores. Also included within its membership are single-store operators and multiunit operators. As a matter of fact, the association represents a large cross section of the Nation's 300,000 independent food markets. Affiliated with the national association are 42 State associations, which in turn have some 363 local affiliated associations.

First, I should state that the National Association of Retail Grocers has no specific position with respect to Senator Kerr's amendment or, more generally, on legislation establishing a food-stamp plan for the disposal of surplus agricultural commodities.

This is not due to a reluctance to take a stand on the matter. Rather, it is because the executive board of the association has not had the opportunity to consider the matter and decide on a policy.

However, we feel an obligation to this committee and the Congress to be as helpful as possible, particularly since the proposed legislation vitally affects the food-distribution industry and a large segment of the American people. We also believe that the present large surplus stocks of agricultural products constitute one of the most serious domestic problems facing the Nation. We do not believe that this Nation can remain prosperous and continue to provide a high standard of living if farmers are to be denied a share in the current prosperity.

As we see it, this matter is one of grave concern for everyone. A solution must be found soon. Every available means of relieving the situation should be considered. The emphasis should not be on what plan or policy won't work, but on what will work. A negative attitude is not in keeping with the magnitude and importance of the task before us. Farmers have suffered too long already and the injustices of current market conditions on them cries out for immediate relief.

Our staff has carefully studied the problems involved in establishing a stamp plan for the distribution of surplus commodities. In addition, we have contacted approximately 100 individual retailers, State and local association executives, and others connected with our organization to have the benefit of their views and suggestions.

The measure pending before the committee contains very few standards that are to govern the methods and procedures to be used in the distribution of surplus foods. The Secretary of Health, Education, and Welfare and the Secretary of Agriculture are given broad powers in this area. We believe that this is a mistake. Congress should lay down specific principles which must be followed to protect the people concerned from arbitrary actions by individuals in the executive branch. Millions of people will be directly affected by legislation of this type. They are entitled to protection of law, and Congress alone can provide such protection. The average citizen prefers to have Congress, which is responsive to the will of the people, decide matters of basic policy rather than leave such matters to the decision of some agency executive. In addition, we believe that if Congress writes into any such law specific standards for operating the plan, it will result in a more effective plan for disposing of the surplus, helping needy families, and enabling private business to participate in as efficient manner as possible.

The followig are some suggestions which we feel will be helpful along that line:

(*a*) Existing channels of food distribution should be used. The system of food distribution now in use in this country is the most efficient in the world. It would be the height of foolishness not to utilize this system to the fullest extent possible. Some method should be devised to work surplus stocks back through original processors and then through the normal channels of distribution. This procedure would prevent innumerable distribution problems from arising. The best judge of the kind and amounts of a commodity that can be marketed in any given area are those private businessmen who do this in the regular course of their business. They have the know-how which can make a substantial difference in the success of a food-stamp plan.

(*b*) Food and food products distributed through the plan should be of a high standard and quality comparable to similar mechandise which is regularly sold. If this principle is not followed, a problem of substitution will arise. People entitled to surplus food will endeavor to trade their stamps for regular merchandise. Food retailers cannot in justice be made policemen to force substandard merchandise on those unwilling to use it. It woud be a grave mistake to attempt to rely on food retailers to make a bad plan workable. Retailers are the last link in the chain of distribution. If the merchandise does not reach them in good quality, they cannot force it on their customers.

(*c*) There is danger that a food-stamp plan where food is given away to the needy will not represent a net addition to food consumption. It is not always true that people with inadequate diets cannot afford to consume more health-giving foods. Any plan that is not supported by a vigorous educational campaign

to induce needy people as well as others to consume more foods which help alleviate the surplus problem is not likely to be a success. Merely providing the food will not be enough to do the job. In this connection, it will help to vary the surplus commodities for distribution by sections of the country where eating habits differ and local surplus situations exist. As a part of an educational program, there will be a need for suggested menus to encourage the proper preparation and consumption of those products which need to be moved.

(*d*) Separate stocks of surplus foods should be avoided in every way possible. These will be especially burdensome on distributors. Foodstores today carry on the average 5,000 items. More food products are introduced on the market every day. There is little room in foodstores for a special department to handle surplus items. To require this would result in higher costs and less surplus food being distributed. In addition, those entitled to such food would resent being forced into a position where they would be singled out as persons in need. The more surplus items can be marketed without special handling the less costly it will be, and the greater amount of food will be consumed. The greatest flexibility possible should be allowed distributors in handling this merchandise. It is particularly important to avoid unnecessary delays at the checkout counter for this alone could seriously harm the effectiveness of any plan.

(*e*) Stamps or certificates should be printed in various denominations to avoid the need for credit slips. This procedure is time consuming and costly. There should be a specific requirement that retailers are entitled to redeem them at face value without any discount being taken. Food retailers operate on the narrowest margin of any business. Frequently they are fortunate to have a net profit margin of 1 percent of sales even before taxes. There is no room for squeezing retailers' margins. The vigorous competition existing in the market is the surest guaranty that there is against any unjustified price practices. All food retailers wishing to cooperate in the plan should be given the opportunity to do so. But this must be done on a voluntary basis. Some stores, because of location and other factors, may have a larger percentage of surplus sales. But there must be no discrimination as between different stores regardless of size or other factors. Provision should be made for prompt redeeming of stamps or certificates. Unnecessary delays in this process will create serious hardships which can only damage the effectiveness of the plan. For the same reason it is vital to allow retailers their regular tolerance limits for pilferage, breakage, and spoilage. This is common business practice and cannot be ignored in the operation of any successful plan. There should also be an economical way of disposing of surplus merchandise which for one reason or another cannot be distributed.

(*f*) One of the gravest problems in such a plan is preventing unethical practices. It is repeated here again, because it needs emphasis, that a bad plan cannot be made to work by the expedient of making retailers policemen. Retailers deal with people directly, and the plan must protect retailers from having to act as prosecutors. Distribution of the stamps should be on a basis where the individual entitled to them is clearly informed as to what he can and cannot do. It is not the proper job for the retailer to explain this matter to a customer. For instance, provision should be made for display cards to tell those with stamps what surplus foods are redeemable with them. These cards should state in large letters that the retailer cannot make substitutions for other products not listed. Retailers who unknowingly accept stamps from unqualified persons should not be penalized. They cannot question the honesty or integrity of a customer. On the other hand, anyone who deliberately sells stamps or transfers them without authorization should lose the right to participate in the plan.

We have stated here some of the basic principles which we believe are essential to any food-stamp plan that has a chance of success. There are others perhaps equally important, but these at least will, we hope, aid the committee and the Congress in considering this important legislation.

While the National Association of Retail Grocers takes no position either for or against a food-stamp plan, it willingly pledges its complete cooperation with all branches of the Government in endeavoring to reduce surplus agricultural stocks.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 3, 1956.

Hon. ROBERT S. KERR,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR KERR: I am writing you to express my strong support for the principle of a plan for distributing surplus agricultural products as an income supplement for needy families. When many American families are still far below a decent standard of living and often unable to afford adequate food and clothing, it is absurd that we should allow mountainous surpluses to pile up as a costly form of waste.

I believe some form of food-certificate plan, providing income supplements to families subsisting on public-assistance payments, is an excellent answer to this paradox. I know that it will meet with great enthusiasm in my own part of the country.

Sincerely,

EDITH GREEN.

BROOKMONT, MD., *March 5, 1956.*

Hon. ROBERT S. KERR,
Senate Finance Committee:

We congratulate you on your amendment to H. R. 7225. Your food-certificate plan provides for a more orderly method of using surplus commodities to help needy people. Many children will benefit. The use of regular trade channels has our approval. We heartily endorse this amendment. Would appreciate it if our wire might be included in the record so that our position will be known.

Mrs. JOSEPH M. STOLL,
Washington Representative,
Spokesmen for Children, Inc.

STATEMENT OF HON. LEE METCALF ON BEHALF OF THE FOOD-CERTIFICATE AMENDMENT TO THE SOCIAL SECURITY IMPROVEMENT BILL, H. R. 7225, BEFORE THE SENATE FINANCE COMMITTEE, MARCH 5, 1956

Mr. Chairman, I wish to thank the distinguished members of this committee for the opportunity to submit this statement. I also want to thank Senator Kerr and the other members of the Senate who are offering this amendment as title III of this bill; their interest in this legislation is highly commendable.

As you may know, I have introduced legislation in the House with a purpose similar to that of this amendment. My bill would provide for issuance of food stamps to some 7 million low-income consumer families not having adequate diets; its coverage is somewhat different than that proposed in the amendment you gentlemen are considering. And my bill differs in other ways from that before you today. The amendment you are considering now, however, is a good one and one that I endorse as a long step toward improving the diet of many needy Americans.

There are several bases upon which support for this amendment can be placed. This proposal would mean a great deal to our Nation's farmers, if enacted, because of the reduction it would make in surplus stocks of farm products. This proposal also would benefit to a considerable degree the Nation's local merchants—grocers, and dry goods and clothing retailers. But first of all in my mind is the great benefit this amendment would provide for millions of poorly fed and poorly clothed persons.

Here is the situation America is facing.

Information I have discloses that during last September 2,552,596 recipients of old-age assistance received a nationwide average payment of only $52.50. The average payments per month in the separate States ranged from $86.57 a month paid by Connecticut down to $27.70 paid in West Virginia.

A national monthly average of only $57.03 was received by 104,256 recipients of aid to the blind. Average payments were between a high of $93.26 per month in Connecticut and $31.94 in West Virginia.

Payments to the permanently and totally disabled, nationwide, averaged $55.23 monthly; there were 240,877 recipients listed. Connecticut paid an average $114.07 and the States ranged down to an average payment of $24.59 in Mississippi.

The 2,191,300 recipients of aid to dependent children received a nationwide average of only $24.12 per month. The average payments in the individual States ranged from $43.13 a month paid by Connecticut to $7.44 paid in Mississippi.

Now we all know that for the person with no other income, the payments I have just described are woefully inadequate. How many of us could live on them alone?

To get an idea of the inadequacy of these payments, let's take a look at the cost of 1 week's food, as estimated last March by the Agricultural Research Service of the Department of Agriculture. These researchers found that the average family of two adults, having what is called a low-cost adequate diet, would have a weekly food bill of $13. A family of four with preschool children would have a bill of $18 weekly. A family of four with school-age children could expect a weekly food bill of $21. Now that is using only low-cost foods, too, I want to emphasize. These aren't luxury diets!

Another factor that is of interest in connection with this bill is the percentage of income spent for food. The latest figures available are for 1948; retail food prices have risen since that time. For general purposes, however, the 1948 figures will suffice. Families with an income, after income taxes if any, of less than $1,000 annually, spent an average 74 percent of their income for food. Those with from $1,000 to $1,999 per year spent 45 percent on food. Those with incomes, after income taxes, between $2,000 and $2,999 spent 41 percent on food. Considering the weekly low-cost food budget estimate, it becomes clear that it requires an income of at least $2,000 per year to enable the average family of four to buy the equivalent of the minimum low cost nutritionally adequate diet. The diets of those families earning less than $2,000 annually obviously were inadequate. Even those earning $2,000 and more may have had inadequate diets if they did poor shopping or were at all wasteful in their food use or expenditures.

The amendment before you provides supplemental benefits for the needy aged, those receiving aid to dependent children, the blind, the permanently and totally disabled, those getting unemployment compensation, and people on State or local public-assistance rolls. It does this through the issuance of certificates, or stamps, to be used in the acquisition of surplus agricultural food products. Each individual receiving such public aid as I mentioned above would get, in addition, a $10 food stamp each month. In view of the figures I have just noted, there can be little doubt that such food stamps would improve the diets of several million Americans.

I am told that it has been estimated this amendment, as now written, would provide food stamps for approximately 6 million persons. This amounts to $720 million in food per year. These people need the aid, the cost of living has been on the increase and their monthly checks have not kept pace with this increase. The food stamps will be a greatly welcomed supplement. A good point of the legislation, administratively, is that no new "means test" is needed; the recipients already have been screened on this score.

I want to suggest to this committee that the language of the bill be strengthened to strongly safeguard the intent that his food-stamp assistance is supplementary. Food stamps must not be allowed to become considered a part of the regular allotment to these persons on public-assistance rolls. The stamps should be an addition to this aid.

I also want to suggest that the more than 8 million persons now receiving benefits under our old-age and survivors insurance program be included as recipients of monthly food stamps. Admittedly, there are OASI recipients who may not fall into the "needy" classification, but there also are many millions who do need this improvement in their diet. Experts in this field certainly could bring you the information showing that the OASI benefits received by these people are insufficient to provide an adequate diet.

The good points of this legislation as it is now proposed include more than just the benefits to millions of our people who are not eating as well as they should. Certainly one factor in this amendment which has general support is the opportunity it offers to reduce crop surpluses which may interfere with normal production and sale of agricultural commodities. The farm-surplus problem looms large in the minds of the people today, and although I believe some of the public concern may be based on insufficient understanding of the issue, the result of this amendment in reducing our surpluses would be greatly applauded. The surpluses will not be wiped out. Their bulk will be lessened, however, lightening their depressive effect on the farm commodity market.

In the past, a portion of these surpluses has been distributed through foreign relief and disaster relief programs. This is fine, but it has not had any major

impact on stocks of surplus commodities and has not eliminated the need of many Americans.

In addition, it should be noted that the legislation does not specify that the surplus commodities to be distributed through the food-stamp program must be those commodities under control of the CCC. Any surplus agricultural commodity specified by the Secretary of Agriculture, which is in a form suitable for human consumption, and any food product processed or manufactured in whole or substantial part from any such commodity, could be obtained through this program.

I want to declare my support, at this point, for the amending of this legislation to clearly include within the program any fiber product, such as cotton goods, made from an agricultural commodity in which there is a surplus.

Another good point of this legislation is that it provides for distribution of these surplus items through regular channels of commerce. The stamps would be redeemable at any trade establishment. Instead of setting up an operation in competition with merchants, this program would bolster the business of America's merchants. The legislation would boost the buying power of those persons who now are the merchants' poorest customers. This arrangement should make administration of the program relatively simple. The stamps could be redeemed, in turn, by the merchants for cash or for more surplus foods or products of surplus commodities.

There is nothing complicated about this legislation. Its appeal is broad, covering not only the needy but also the farmers and the merchants. I can see no one who will be adversely affected.

The prime purpose of this amendment is, I believe, the providing of a supplemental diet for all those who are on public-assistance rolls, receiving unemployment insurance benefits or, I suggest, receiving OASI benefits. But whichever advantage of this amendment stands uppermost in your minds, I believe the members of this committee can strongly support this amendment as necessary legislation and as good legislation. I thank you.

AMERICAN PUBLIC WELFARE ASSOCIATION,
Chicago 37, Ill., March 2, 1956.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington 25, D. C.

MY DEAR SENATER BYRD: On behalf of the association I wish to express support of the food "stamp," or "certificate" plan in the amendment to H. R. 7225 as a method preferable too the direct distribution of surplus commodities to needy people. Several members of the association, among them State and local administrators of public welfare programs, are appearing before your committee or filing written statements on this subject.

The American Public Welfare Association is a national, nonpartisan organization composed of: (1) State and local departments of public welfare; (2) individuals engaged in public welfare at all levels of government; and (3) persons outside government who are interested in public welfare programs.

In most States the State and local departments of public assistance or public welfare have been designated to make the actual distribution.

It is obvious (and, of course, well known) that very real problems exist in connection with establishing and maintaining a system for wide-scale distribution of surplus foods. These include: determining eligibility of the individual or family in the first place, issuance of some form of identification, keeping the necessary accounts and records, handling the commodities made available, and financing the establishment and operation of each distribution center. Moreover, the whole program must be in line with the welfare laws of the particular State involved.

This association does not wish to question the general objectives of this amendment. We believe—in common, we think, with nearly all Americans—that: "Productive and reasonably compensated work is the best source of income for all those who are capable of such work and not occupied with other basic social responsibilities, like the care of young children."[1] For obvious and various reasons, however, many in the population do not come within the terms of this description. Among these are the unemployed, the aged and aging, the ill and

[1] From the AWPA publication, "Essentials of Public Welfare; a Statement of Principles."

the handicapped; all, indeed, who, for one valid cause or another, either cannot earn or cannot earn enough money to maintain themselves and their families in what is accepted as adequate health and decency. For them programs of assistance, carried out by means of cash grants on the basis of individual and family need, have been established.

This association is concerned that the recipients of such payments do not have their grants cut merely on the ground that surplus food products have become available to them. The Social Security Act provides that all resources of the individual or family be taken into account in computing the amount of the grant. Therefore, we hope that any bill which will be passed by Congress will make clear that surplus commodities distributed to needy people are not used to cut the amount of cash assistance given them, and will in no way operate to affect or reduce the amount of this assistance.

We support a plan, and appropriation of funds, for the distribution of surplus foods to schoolchildren, to the aged, to dependents, and to the unemployed, by ways and means that will feed the hungry—provided such ways and means do not become substitutes for, rather than supplements to, cash payments and such other provisions as may already have been made for these groups in our population.

We would prefer that every American family receive enough cash income, within our dynamic productive structure, to buy necessary foods out of wages, salaries, profits, and other sources of income obtainable through that structure. That is why we favor higher minimum wages, more nearly adequate public-assistance grants.

We appreciate your interest in the welfare of people whose incomes or grants are too low to meet minimum health and decency standards, and in the possibility of doing more for them through surplus agricultural food products. Issuance by means of certificates or stamps would provide a more orderly and systematic method of distribution than the present direct distribution. We believe that the issuance of certificates or stamps which can be exchanged for surplus products through normal channels of trade is the most effective approach to distribution of such surplus products to people in need.

We request that this statement be made a part of the record of your hearings.

Sincerely yours,

(Mrs.) Marie D. Lane,
Washington Representative.

Statement of Hon. Stuart Symington, a United States Senator From the State of Missouri

THE FOOD-FIBER STAMP PLAN

Today we are confronted with a compound problem—a large agricultural surplus in Government storage at the same time some 12 million Americans do not have adequate income to buy the food and clothing they need.

As of December 31, 1955, the Commodity Credit Corporation of the Department of Agriculture reported stocks on hand of surplus food commodities valued at $6,082 million; and cotton valued at $2,330,105,000.

For November 1955, the latest month on which figures are available, the Department of Health, Education, and Welfare reports average public-assistance payments of $23.77 to $57.82 per person for the 5,744,834 persons aided during that month.

Obviously, such payments will not assure enough proper food or clothing for these individuals.

I respectfully request that the members of this committee consider the following figures:

Cases, recipients, and average payments under public-assistance programs, November 1955

	Number of cases	Number of recipients	Average assistance payment per case	Average assistance payment per person
State-Federal programs:				
Old-age assistance	2,554,696	2,554,696	$53.56	$53.56
Aid to dependent children	598,137	2,173,302	87.92	24.20
Aid to the blind	104,717	104,717	57.82	57.82
Aid to the permanently and totally disabled	242,119	242,119	55.59	55.59
State and/or local programs: General assistance	297,000	670,000	53 64	23.77
Total persons aided		5,744,834		

To this number should be added the some 2,885,000 unemployed, the approximateyl 250,000 disabled policemen, firemen, State and municipal employees; and also the 2,706,623 disabled veterans or their families living on pensions or disability compensation.

It is clear, therefore, that approximately 12 million Americans do not have enough income to buy needed food and clothing.

The high cost of low income diets was brought home to us during World War II. Of the men called for induction, nearly 40 percent were rejected. Of those rejected, 12 percent were declared physically unfit because of malnutrition and inadequate diet.

The strength of our Nation depends to a large extent upon the health of our people. Inadequate diet means poor health for many. Therefore, in effort to remain strong, I believe we should supplement the diet of those who need to be helped.

At least a partial answer to this problem is set forth in the food-fiber certificate plan, commonly called the food-stamp plan, sponsored by Senator Kerr.

Since its first submission as S. 627, and now as an amendment to the Social Security bill, H. R. 7225, I have been a cosponsor of this plan with Senator Kerr. I also join with him and the other cosponsors to urge that this plan be extended to include cotton when it is in surplus supply.

This proposal would authorize and direct the Secretary of Health, Education, and Welfare to make surplus food and fiber commodities, as designated by the Secretary of Agriculture, available to those persons who are on assistance programs for old age, dependent children, the blind, and the permanently and totally disabled.

Also eligible for this additional assistance would be those persons who are receiving State unemployment compensation, those who are receiving State and/or local assistance, and all other needy persons deemed worthy of being included by the local public assistance officials, according to regulations to be issued by the Department of Health, Education, and Welfare.

Each month those persons eligible would receive food and fiber stamps which they could exchange for the designated commodities in their local stores.

I respectfully urge that this committee give favorable consideration to the program outlined in this legislation so these surpluses of food and fiber can move out of the warehouses to needy people.

In support of this program, I attach a statement from Fred Heinkel, president of the Missouri Farmers Association; and also a statement from Proctor N. Carter, Director, Division of Welfare, State of Missouri.

STATEMENT OF FRED V. HEINKEL, OF COLUMBIA, MO., PRESIDENT OF MISSOURI FARMERS ASSOCIATION, INC.

Mr. Chairman and gentlemen of the committee, the Missouri Farmers Association, a statewide farm organization with a membership of 155,000 farm families, favors the early adoption of S. 627 as an amendment to H. R. 7225.

The surplus of food products came about, on the one hand, because of our tremendously increased farm efficiency, coupled with American agriculture's inherent ability to produce abundantly.

On the other hand, surpluses have accumulated because millions of aged, blind, and totally disabled persons, together with dependent children, are simply unable to purchase the amount of food necessary for a proper and adequate diet.

Used as supplementary benefits for the unfortunate persons in the groups referred to in S. 627, our surplus food can be a real blessing to those people. At the same time, the consumption of such food will improve the market price of farm products for the farmer by reducing price-depressing surpluses.

Since this amendment would accomplish a dual purpose, and since each purpose is highly meritorious and unquestionably desirable, we urge its early adoption.

STATEMENT OF PROCTOR N. CARTER, DIRECTOR, DIVISION OF WELFARE, STATE OF MISSOURI

Speaking from the experience of many years of administering the assistance programs in Missouri, I believe that a food-stamp plan is the most logical and practical plan for disposing of surplus foods and at the same time giving additional needed help to the poorest families of this State.

We have had experience in Missouri with both the stamp-plan method of disposing of surpluses and direct distribution of commodities to eligible recipients. Both of these plans were in effect in the early days of the depression, during which time I was the State welfare director, and consequently, I have direct knowledge of the two systems of distribution. As operated in this State, the stamp plan was highly effective in accomplishing the desired results, and was very satisfactory from the standpoint of the recipients, the merchants, and the administering agency. In my opinion, the direct distribution of bulk commodities to individual families is cumbersome, difficult of administration, and requires too great an administrative expenditure for packaging, transporting, warehousing, and distributing.

I have reviewed S. 627 and I believe it contains a very good distribution program for surplus foods. The list of persons eligible to receive surplus foods; the delegation of authority between the Secretary of Agriculture and the Secretary of Health, Education, and Welfare; the method of distributing food certificates to the State agencies; and the fact that surplus food certificates will not be considered in determining income for assistance purposes, are all very good provisions.

I have questions on only two sections. In order to provide benefits for certain needy individuals not receiving public assistance, section 5 (b) authorizes an agreement between the Secretary of Health, Education, and Welfare and the State public-assistance agency for the certification of such persons, under regulations to be prescribed by the Secretary. In Missouri the key to whether or not we could make full use of this provision would lie within the regulations prescribed by the Secretary. For example, if those regulations required a social investigation and a determination of income and expenses of each such applicant, the cost to the State in terms of additional personnel would be very high. If the lack of administrative funds prevented us from certifying persons not receiving assistance one of the neediest groups in the State would not be served, as we do not provide general relief for families in which there is an employable person. I believe provisions should be made in this section for Federal assistance to the States in the administrative costs of certification of eligibles for food stamps.

The other section on which I have a question is section 13, and I wonder about the reasons for placing an expiration date in the law. It appears to me that this is a large program which will require a great deal of planning and organization, and that the program would only be well started by the time the plan ended. I would suggest that section 13 be removed from the bill, or that the expiration date be extended at least to 1960.

There would be two very distinct phases to our stamp-distribution problem. The first involves persons receiving any form of public assistance such as old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, and general relief. The second and more complex phase involves those needy families which contain unemployed able-bodied persons and where the family is not eligible for public assistance. For this latter group there is no method in existence in Missouri which actually determines which of these families are in need, and therefore some method of measurement would have to be devised.

If the food-stamp plan is used, it would be relatively simple for us to include food stamps in our regular mailing of assistance checks to persons in the first group on a monthly basis. Such a plan would eliminate a great deal of administrative cost in postage, while at the same time it would be certain that the

stamps would be reaching the most needy persons in the State, since each recipient has had an individual investigation of his need. Such a plan would distribute surplus food in Missouri each month to approximately 132,000 recipients of old-age assistance; 20,000 families receiving aid to dependent children; 13,000 persons receiving permanent and total disability assistance; 5,800 families receiving general relief; 3,900 persons receiving aid to the blind; and 350 persons receiving blind pensions.

In thinking of a distribution plan for the second group (able-bodied persons out of work) and at the same time limiting the distribution to the neediest families of that group, without the necessity of an actual investigation in each case, would it not be possible for the State employment service offices in each State to be used as the certifying agency for this part of a food-stamp program? A plan somewhat like the following might be used:

Any person applying either for work or for unemployment compensation in any employment service office would be automatically considered eligible for certification. The decision to apply for surplus food would be left entirely up to the applicant, and if he chose not to avail himself of the opportunity that would be the end unless he changed his mind at a later date while he was still unemployed. If he decided to apply, it would be a matter of signing his name to a simple application form containing a minimum of necessary identfying information. The method of distributing the food stamps to each person would have to be worked out, and there would be a number of possibilities. For example, the applicant could be handed immediately a small booklet of stamps which would be valid for a certain time period, in which case a reapplication would be necessary at the end of that time if he were still unemployed. Another possibility might be to have a centralized disbursing office to which the application would be mailed by the employment service office, after which the stamps could be mailed to the applicant by the stamp office. The discontinuance of a person's certification might also be handled in one of several ways. The employment service office might discontinue the certification during the month in which the person obtained employment, or if booklets were issued on a time period basis, the necessity for reapplication at certain intervals would accomplish the same purpose since an employed person would be unable to be recertified.

Another group that I believe could be given food stamps on a continuing basis would be all retired persons receiving Federal social security checks. This group will increase tremendously as the years go by, and certainly our retired workers should be considered eligible for surplus commodities through a food-stamp plan.

FARMERS UNION,
OFFICE OF THE PRESIDENT,
4–18 North Klein, Oklahoma City, Okla., February 9, 1956.

Senator HARRY F. BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I would like to go on record favoring the food allotment certificate plan for social security, old age and survivor's insurance bill, realizing at this time we have food available that could be readily released instead of additional cash benefits to these groups. I feel it important to adopt such a plan.

This would tend to relieve some of the food problems that we face and would place these foods into the hands of those that would become customers of the farmer.

We will appreciate your consideration in amending the social security bill.

Very truly yours,

GEORGE W. STONE,
President.

STATEMENT OF E. M. NORTON, SECRETARY, NATIONAL MILK PRODUCERS FEDERATION

Mr. Chairman and members of the committee, it is a privilege for me to present this statement in connection with your deliberations on the Kerr food-fiber certificate amendment to H. R. 7225.

The National Milk Producers Federation is the largest and oldest agricultural commodity organization in the United States. It represents over one-half million dairy farm families and over 800 dairy cooperatives which they own and

operate. The federation represents solely the viewpoint of dairy farmers. Our purpose today is to present for your information and consideration the views and desires of the dairy farmer members of our federation on the question of food-allotment plans.

At the 1955 annual membership meeting of the federation, the following resolution was adopted unanimously by the delegates and became federation policy:

"The federation has long supported the principles of a food-allotment plan, whereby low-income families will have an opportunity to build up their diets and their health, and whereby the potentialities of our population in consuming health-giving foods will be more fully realized. Such a program would diminish the necessity for Government stockpiling of surpluses, with all of the attendant difficulties such programs entail.

"We urge that the Congress give early consideration to the enactment of a program embodying the principles of a sound food allotment plan."

A program of the type described in the Kerr food-fiber certificate amendment could, we believe, accomplish two objectives: First, it could provide the means whereby the consumption of milk and dairy products could be increased. Second, it could be a means of improving the nutritional level of the diets of people in the low-income groups.

The possible economic effect of a food-stamp program toward stabilizing the dairy industry is immediately evident from one fact—3 to 4 percent of the milk production in this country represents the excess production that gives the industry trouble. A food-stamp program that would increase the weekly consumption of dairy products among the estimated 6 million persons in the social-security program and public-assistance programs buy 1 quart of milk and one-eighth pound of cheese per week would require over 1 billion pounds of milk per year.

The National Milk Producers Federation supports the provisions of the Kerr food-fiber certificate amendment to S. 627 and respectfully asks the committee's favorable action on the bill.

INDIANA FARMERS UNION,
Indianapolis 2, Ind., February 3, 1956.

Senator HARRY F. BYRD,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: I understand there is to be some attempt to amend the Social Security Act by allotting food to the recipients of social security.

This is the most favorable approach I have yet heard of. We have so-called surplus food that is causing us embarrassment. At the same time there are many within our midst that do not have enough to eat and wear.

The question of how to get it to them has been the problem. The recipients of social security in most cases do not receive enough to have all they could use or what is needed for an American standard of living. An amendment to social security of an allotment of food along with the cash seems to me as sound.

This would not harm the domestic market, and at the same time lower the surplus, and therefore the cost of price supports.

Actually to give the 2 percent of our production away to Americans that need it would be the cheapest way to support farm prices.

I trust you will see fit to include the national food allotment certificate plan for social-security people.

Let's not be embarrassed by having hungry old and crippled people while we have surpluses.

Yours truly,

JOHN C. RABER, *President.*

INDIANA FARMERS UNION,
CASS COUNTY LOCAL,
Logansport, Ind., February 15, 1956.

Hon. HARRY FLOOD BYRD,
Senator, State of Virginia,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: We understand that your committee will soon hold hearings on amending the social security, old age and survivors insurance bill, passed by the House last year, to include a national food allotment certificate plan. We want you to know that the many members of the Indiana Farmers Union give this proposed legislation our unqualified endorsement.

In recent years we have spent billions of dollars to feed the unfortunate of foreign countries and now it is about time to start thinking about rendering some aid to thousands of our American citizens that are striving to eke out an existence that will permit them to keep body, mind, and soul together. In fact, with such an abundance of food in our cherished land, and much of it going to waste, it is a sad commentary upon our Commonwealth when we compel so many deserving citizens go in want, resulting in serious destruction of health, hopes, and aspirations so necessary to reenforcing the superstructure of our Republic, all conducive to fertilizing soil in which destructive communism takes root and grows.

This meritorious legislation will greatly help distressed farmers, dependent widows and children, the blind, all disabled and handicapped persons, the aged, all of whom receive assistance under the Social Security Act. Surely, it will strengthen the economy of our Nation, be a godsend to these unfortunate citizens, and be highly in keeping with the philosophy of our great Master.

Thanking you graciously for any influence and support you may feel disposed to dedicate to the general welfare of the above said deserving people, I am

Yours sincerely,

THURMAN C. CROOK,
Legislative Director, CCL–IFU.

AMERICAN FARM BUREAU FEDERATION,
Washington 4, D. C., March 12, 1956.

Re amendment 1–30–56A to H. R. 7225.

Hon. HARRY FLOOD BYRD,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Since the above-described amendment had not been filed at the time the American Farm Bureau Federation presented its statement relating to H. R. 7225, we would like to present by means of this letter our views with respect to the amendment.

The amendment provides that any person receiving any form of public assistance (Federal, State, or local) including social security and unemployment compensation, or other needy individuals, may be provided food certificates valued at $10 each month, such certificates to be redeemed by the United States upon presentation by the transferees. Such certificates would be valid for the purchase through regular commercial channels of any food product the current farm price of which is below parity.

The American Farm Bureau Federation is opposed to the proposed amendment, first, because it would not accomplish the intended purpose, and second, because in the public eye the costs of the program would be considered to be for the purpose of aiding agriculture, although not actually doing so to any significant extent.

When low-income people are provided additional income, regardless of the source, some of such additional income will be spent on food. But the percentage of the total income of an individual spent for food will not increase just because a portion of the income is earmarked for food purposes.

For example, if a person is provided $140 in cash and a $10 certificate he can use only for the purchase of food, his total purchases of food will not be larger than if he had $150 in cash. Each individual allocates his total income in accordance with his needs and desires.

Thus, the true nature of the proposed amendment is that it is an increase in social security, unemployment compensation, and public assistance payments—rather than a proposal that will increase food consumption. The increase in food consumption will be no more and no less than if the individual received an additional $10 cash payment under such programs.

This being so the mechanism provided for issuance and redemption of certificates is unnecessarily cumbersome and unnecessarily expensive—without in any significant degree accomplishing the intended purposes of the proposed amendment.

Very sincerely,

MATT TRIGGS,
Assistant Legislative Director.

Senator KERR. Are there any others here who have statements to put in the record?

If not, then this hearing will be recessed subject to call of the Chair.

(Whereupon, at 12:25 p. m., the committee adjourned, subject to call of the Chair.)

SOCIAL SECURITY AMENDMENTS OF 1955

THURSDAY, MARCH 22, 1956

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

The committee met, pursuant to call, at 10:15 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, Kerr, Long, Smathers, Barkley, Millikin, Martin of Pennsylvania, Williams, Flanders, Carlson, and Bennett.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The Chair recognizes Senator Carlson.

Senator CARLSON. Mr. Chairman, I wish to submit for the record a letter from Dr. E. F. Adams, of the National Council of the Churches of Christ in regard to the inclusion of ministers of the gospel who have served some time in this country and are sent to other nations for a pariod of time, under this program.

The CHAIRMAN. Without objection, that insertion will be made in the record.

(The letter referred to is as follows:)

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST
IN THE UNITED STATES OF AMERICA,
Washington, D. C., March 21, 1956.

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: We wish to suggest to you amendment to the Social Security Act and the Internal Revenue Code which we believe are necessary to carry out fully the intention of amendments adopted in 1954 for the purpose of extending old-age and survivors insurance coverage, on an optional basis, to a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry. This coverage was made possible by amendment of section 211 (c) of the Social Security Act and section 1402 (c) of the Internal Revenue Code providing that such a minister might obtain eligibility for coverage as a self-employed person by filing a certificate waiving the exemption from coverage and self-employment tax provided elsewhere in these sections. By a further amendment offered on the floor of the Senate on August 13, 1954, new language, which appears as paragraph 7 of section 211 (a) of the Social Security Act and as paragraph 8 of section 1402 (a) of the Internal Revenue Code, was adopted for the purpose of extending old-age and survivors insurance coverage to ministers who are American citizens performing their services outside the United States. This amendment was necessary to correct what was described by Senator Kerr in presenting the material to the Senate as an oversight through which ministers serving beyond the boundaries of the United States would not come under the definition and language of the bill. It was assumed by us that the amendment thus adopted provided coverage, on an optional basis, to American missionaries serving in the foreign field and to American ministers serving as pastors in churches in foreign countries whose congregations are composed predominantly of American citizens. No question has arisen as to the effectiveness of coverage

of ministers serving as missionaries in the employ of American church missionary agencies, but the Internal Revenue Service has now ruled that the language cited is not sufficient to extend coverage to ministers appointed by the National Council of Churches, a corporation under the laws of the State of New York, to serve as ministers of union churches established in various cities in foreign countries primarily to meet the religious needs of American citizens resident there. (A copy of that ruling, in the form of a letter dated March 15, 1956, from H. T. Swartz, Director, Tax Rulings Division, is attached hereto.) It is to correct this deficiency, which we believe not to have been intended by the Congress, that we are suggesting a further amendment to the Social Security Act and the Internal Revenue Code.

The additional language which we propose, subject of course to the review of your legislative draftsmen, would be included by amending paragraph 211 (a) (7) to read as follows:

"(7) An individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e)) *or as a minister of a church in a foreign country, the congregation of which is composed predominantly of citizens of the United States.*"

A corresponding amendment would be needed in paragraph 8 of section 1402 (a) of the Internal Revenue Code. To accomplish the purpose of putting the ministers of overseas churches on the same footing with American ministers generally, it would be necessary also to provide an effective date for this amendment which would establish their eligibility for coverage as of January 1, 1955, as provided for other ministers.

There are approximately 25 American ministers serving in union churches overseas who by peculiar circumstances of their employment are excluded by the Internal Revenue Service ruling of March 15, 1956, from the social-security protection now available to American ministers generally. We greatly fear that the effect of this exclusion would be to impose a serious handicap on the organization and staff of such churches to the detriment of large numbers of American citizens serving overseas who have no other means of worshipping together according to their faith. A description of the functions of these churches and of the department of American communities overseas of the National Council of Churches may clarify the need for the amendment we are seeking.

It is well known that Americans are found in increasing numbers in various communities of the world. There are members of American Government missions and men and women in the armed services. There are men and women in business and the professions. There are technical advisers under Government or private auspices. There are bankers, newsmen, transportation officials, and others. In many of these places, the Protestant Christians within these American groups have established their own union or community churches, the aim in every case being to provide for them "a church away from home," with opportunities for worship and Christian fellowship, religious education for their children, and wholesome community interests and activities. These churches are all linked together in fellowship with one another and with the churches in the United States through the department of American communities overseas of the National Council of Churches.

The department of American communities overseas, while not having ecclesiastical authority, nevertheless stands in certain other respects in a relationship to these churches similar to that of a denomination to its member churches. It assists them in the calling of ministers, in providing them material of many sorts needed in church activities, in counseling with the ministers and committees in various matters, and helping with finances if necessary and to the extent funds are available.

The ministers of these churches overseas concerning whom the question of social-security coverage has arisen fall under the following descriptive statements:

A. They are citizens of the United States of America.

B. They are regularly ordained to the Christian ministry and maintain full ecclesiastical standing in their own denominations during the period of their interdenominational service abroad. The denominations consider these ministers in nowise different from ministers serving denominational churches in this country except that for a term of years they are fulfilling

this unique and important interdenominational ministry to Americans resident abroad.

C. They are recruited for their overseas services through the department of American communities overseas, and are designated by it to serve in a given church pursuant to agreement by that church, the minister, and the National Council of Churches.

D. Their salaries and collateral benefits come primarily from the local church constituencies, chiefly American, sometimes with substantial financial assistance from sources within the United States made available through the department of American communities overseas.

An appropriate amendment of the Social Security Act and Internal Revenue Code that will give assurance to these ministers that they are eligible during their service overseas for old-age and survivors insurance protection is urgently needed for the continued successful development of this program to meet the religious needs of Americans residing abroad. The effect of such employment upon eligibility for social-security coverage must be given great weight by many ministers considering a call to one of these overseas churches. If acceptance of such a call meant inability to obtain social-security protection or interruption of covered employment with consequent diminution of benefits, ministers would be understandably reluctant to undertake such service. We call your attention also to the intangible, but nonetheless real, harm that would be done to the morale of Americans performing services of importance to the United States in foreign countries if they are deprived of any degree of the worship opportunities afforded in this program.

We believe that the amendment we are suggesting will not only do simple justice to the American ministers now excluded from social-security protection but would also clearly serve the interests of the United States. We urgently request that you give it favorable consideration for prompt enactment.

Respectfully yours.

E. F. ADAMS.

The CHAIRMAN. Mr. Secretary, we are delighted to have you with us in consideration of the bill H. R. 7225, and you may proceed.

STATEMENT OF HON. MARION B. FOLSOM, SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Secretary FOLSOM. Mr. Chairman and gentlemen, I have a statement which I will read.

Mr. Chairman and members of the committee, it is a pleasure once again to discuss the social-security system with this committee, with which I have had a pleasant association over many years. It was 21 years ago, in February 1935, when I first appeared before the committee in behalf of a sound social-security program. As you know, I was then a member of the Advisory Council to the President's Committee on Economic Security, which helped establish the social-security system.

I also had the pleasure of serving on the two Advisory Councils on Social Security set up by this committee—the first appointed by Senator George in 1937, and the second appointed by Senator Millikin in 1947. And I have been closely associated with the system in other ways over the years. In brief, if I may be personal a moment, I have had the opportunity to participate in and support every major expansion and improvement in old-age and survivors insurance since it was started. My interest this morning is the same as it always has been—to support a strong and sound system of economic security for the American people.

Today we see the fruits of the efforts of this committee, of the Congress, and of many other people. The old-age and survivors insurance system is in excellent condition. The Nation has made sound

progress in preventing poverty and need among the aged and among widows and orphans. Today 9 out of 10 American workers can look forward to social-security benefits when they retire in old age. If death should take the family breadwinner, the mothers and children in 9 out of 10 American families can receive survivors' benefits. The cost of administration is less than 2 percent of contributions—far less than the estimates of administrative costs when we were establishing the system.

Our actuary, Mr. Robert J. Myers, has given you estimates of future costs and receipts under the present OASI program, based on the 1954 level of earnings. We now have later figures, based on the 1955 level of earnings. Taking the average between high and low cost assumptions, the benefits to be provided under present law would, over the long term, amount to 7.45 percent of the covered payroll. Under the taxes scheduled in the present law, income would amount to 7.29 percent.

Of course, these estimates cannot be considered exact in view of the long-range assumptions involved and the many possible variations. But for all practical purposes, the system is in approximate actuarial balance. It will thus be self-supporting, under present estimates, providing taxes are increased as scheduled and benefits are not increased without a corresponding increase in revenue.

Major advances in OASI were provided in the 1954 amendments, proposed by President Eisenhower and widely supported in Congress. Coverage was made available to millions of additional workers; benefits were increased for everyone covered, now and in the future; retired persons were permitted to earn more income and still keep their social-security benefits; and benefit rights were preserved for totally disabled workers. As President Eisenhower said in his first state of the Union message, this administration vigorously supports a strong, sound old-age and survivors insurance system. The 1954 amendments reflect, better than words, this deep concern of the administration.

The old-age and survivors insurance system represents a vast investment in economic security for many millions of Americans. Changes in the system have very significant implications for individuals, their families, for our economy, and our way of life. The American people, I believe, owe a large debt to this committee for its wise and firm stand that legislation affecting almost every citizen should be enacted only after extended studies, hearings, and deliberations have confirmed the wisdom of each proposed change. With great care, you have approved many complex adjustments and improvements in the system. And you have worked with the House Ways and Means Committee and with the Congress in general to protect this system from unwise or unsound proposals. It is encouraging to note that both political parties, over the years, have supported this effort to keep the system sound. And although there was considerable opposition in earlier days, the great majority of people now appear convinced that OASI is a very valuable adjunct to our free-enterprise system.

The advancement of social welfare calls for vision on a broad scale. With the development of OASI to its current high level of effectiveness, the administration is now seeking improvements in other aspects of our total economic security program. We are proposing continued expansion and improvement of vocational rehabilitation and child

welfare and health services. In public-assistance programs we are emphasizing the responsibility to provide more than monthly payments to the needy. We are urging amendments which would help provide services to restore more needy people to independence. We are also recommending major improvements in medical-care provisions for the needy. These and other recommendations are included in Senate bills 3139 and 3297. I earnestly hope the committee will take favorable action on these constructive proposals, and I would welcome an opportunity to discuss them more fully at some later date.

RECOMMENDED IMPROVEMENTS IN OASI

We should continue, of course, to seek sound improvements and adjustments in OASI, in the light of the needs and changing conditions of our times. The administration recommends the following steps which can be wisely taken at this time:

1. Extension of coverage: I believe firmly that old-age and survivors insurance coverage should be as nearly universal as practicable. So long as some workers are excluded, these workers and their families are denied the basic protection of the system. Some workers who shift from covered employment to uncovered employment find it difficult to build adequate benefit rights. On the other hand, it is possible for some who work in uncovered employment most of their lives to obtain some covered employment and draw benefits which are considerably higher in relation to their contributions than the benefits of workers who have contributed regularly. Universal coverage would benefit more families, reduce inequities, strengthen the system, and help the national economy.

The administration, therefore, favors the provisions in H. R. 7225 for extending coverage to self-employed attorneys, dentists, osteopaths, optometrists, veterinarians, and various other groups. Further, we favor extension of OASI coverage to the military services and other improved servicemen's benefits as provided in H. R. 7089, which passed the House last year and is pending before the committee. It is particularly unfortunate, I think, that one of the largest groups now excluded from OASI coverage consists of Federal civilian employees. I urge the Congress to adopt S. 3041 or H. R. 9090, which would improve and increase the retirement and survivor benefits of civil-service workers by providing basic OASI protection, together with the benefits of a strong and independent civil service retirement system.

Mr. Chairman, since that bill will not come before this committee, and yet it concerns directly the OASI system, I thought I might take a minute or two to explain what that bill does, because there has been quite a little misunderstanding about it.

As you may recall, in the previous administration, Congress authorized the appointment of a committee to study the question of coordinating OASI and civil service, and the chairman of that committee, Mr. Kaplan, was appointed under the previous administration. The committee conisted of Mr. Kaplan, the Secretary of the Treasury, the Budget Director, the Chairman of the Civil Service Commission, the Chairman of the Board of Governors of the Federal Reserve Board, and the Secretary of Defense.

When this administration came into office, the President continued Mr. Kaplan as chairman of the committee, and the committee continued to have the same ex officio membership.

I served on the committee as representative of the Secretary of the Treasury—Mr. Kaplan brought together a group of very able staff men to study this very complicated problem—and we met over a period of 18 months and spent consnderable time in trying to devise the best way we could of coordinating these two systems.

As an illustration of the type of men we had working on the problem, Mr. Belcher represented the Budget Bureau, and he had had long experience in the pension system of the telephone company. We had on the staff men who had considerable experience.

We developed this system, and I firmly believe that it would be to the best interests of the Federal employees generally if that plan were adopted.

We tried to work out a plan, and I think we did, where no one would lose and most people would gain by it. A chief benefit to the employees would be in survivorship protection, because the present civil-service plan does not provide adequate survivorship protection, especially for people who die at younger ages.

This plan would bring the two systems together so that Federal employees would get the benefits of both on a coordinated basis. The only people who would lose by it would be the personnel who are in the civil-service system for a long time and then they retire and have a short period of service in other work. They get a benefit under OASI considerably out of proportion to their contribution, so they are getting a windfall now.

There would be a few cases like that where people would no longer get such windfalls, but to the great mass of employees there would be a great benefit.

I think the difficulty has been that the employees generally do not understand it; and I think once they understand it and when they realize they are getting survivorship protection at younger ages and even for short-service people, you will find more general acceptance.

And I would want to say that the retirement protection is also considerably improved, because I think each one of you will be called upon to take a position on this when it comes to——

The CHAIRMAN. The employees' associations are opposed to it at this time.

Secretary FOLSOM. I think you will find many people who are opposed do not really understand it. They have not figured it out.

The CHAIRMAN. From the communications I have received, they have been in opposition to it.

Secretary FOLSOM. We found that when we discussed it, when we were working it out, when we talked with a lot of them and really got into it, that they were favorably inclined to it.

Senator WILLIAMS. Mr. Folsom, would they pay into both funds simultaneously?

Secretary FOLSOM. Well, it would work exactly like it does in industry now. All industry was faced with the same problem when social security went into effect. So they simply would make a contribution to the OASI, they would continue to make a contribution to the civil-service system but at a lower rate, and each person would be paying—as a matter of fact, the first few years they would be paying less than they are paying now.

Senator WILLIAMS. What would the contributing rates be? It is 6 percent now, currently, under the civil-service retirement system, and it is 2 and 2 under the social security.

Secretary FOLSOM. Well, I think it would be 3½ percent and 2 percent; 3½ percent on civil service and 2 percent on OASI, up to the $4,200, and above that $4,200 it would be the same rate as it is now, 6 percent.

Senator WILLIAMS. In other words, they would get—it would be 3½ and 2, you say; that would be a total of 5½.

Secretary FOLSOM. Up to $4,200; and above $4,200, it would be the 6 percent, the same as it is now. So the total for the first few years, the cost to the individual, would be slightly less; but, of course, later on when the rates under social security increase, it would be somewhat higher.

Senator WILLIAMS. You say the benefits would be more?

Secretary FOLSOM. It would be more, both in retirement and in survivorship.

Senator WILLIAMS. Is it your theory that the contributing rates of each system as they are maintained separately, are too high today?

Secretary FOLSOM. No; I don't think they are too high. But this system, the combined plan we are talking about, would be two entirely different systems. Civil service would be on its own, and OASI would be on its own.

Senator WILLIAMS. Merging the two would give them more benefits than they are getting now, unless it is too high now.

Secretary FOLSOM. Well, some of the benefits they get out of the OASI system survivorship protection, which is spread out over the whole plan——

Senator WILLIAMS. Yes. What would you do with the factor that under several of our civil-service retirement systems, they have a disability clause now, whereby they can draw disability benefits at the age of 50? I understand you are not going to endorse that under OASI.

How would you work that together?

Secretary FOLSOM. It would not affect that at all. They still have that benefit. We are not taking anything away from that.

Senator WILLIAMS. That would be paid under the other phase of it, and not your phase. Could you separate the two?

Secretary FOLSOM. Oh, yes, just like industry can do it. A number of industries have industry plans on top of OASI.

Senator WILLIAMS. They do not object to disability plans under separate retirement systems; they only object to it under this.

Secretary FOLSOM. Yes.

Senator KERR. May I clear up a point there?

The effect of your statement, I believe, is to indicate or advise that you favor the disability plan now in operation under the civil-service retirement program.

Secretary FOLSOM. Yes.

Senator KERR. And, of course, those that are in effect in industry, without it in any way interfering with their OASI benefits.

Secretary FOLSOM. Yes, sir.

Senator KERR. How can you reconcile that to your opposition to the amendments?

Secretary FOLSOM. I would rather cover that in the discussion.

Senator KERR. It seems to have been brought in here this morning.

Secretary FOLSOM. Yes.

2. Interest-rate amendment: The administration also is proposing a change in financing which would slightly increase income to the system.

As you know, a large part of the OASI trust fund is invested in securities issued exclusively to the fund by the Treasury. The interest rate on these obligations is the average rate of interest on all the outstanding public debt. The rate is now 2.49 percent. We believe, however, that in view of the long-range commitments of the trust fund, the interest rate on these obligations should be more comparable with the rate on long-term Treasury bonds. We are proposing, therefore, that in computing the interest rate for obligations issued to the trust fund, we exclude bonds having maturity dates of 5 years or less after issuance. Because long-term securities normally have higher interest rates, this change would increase income to the system slightly, on the average, by roughly four-hundredths of 1 percent of the covered payroll, or about $80 million a year. The board of trustees of the trust fund has recommended this change.

3. Consolidated reporting: Employers now must make quarterly reports to the Internal Revenue Service on wages paid to employees under the OASI system. We propose to eliminate these quarterly reports, totaling about 12 million a year and listing over 200 million wage items. The information needed for social-security records would be obtained instead from the annual income-tax withholding statements filed by employers.

Senator FLANDERS. May I just compliment you on decreasing the complications of Government reporting from business firms. It is the first time, so far as I know, that has ever happened in the history of the United States.

Secretary FOLSOM. Well, this has not been done yet, Senator. We are just proposing it. [Laughter.]

The Bureau of OASI will mechanically check the withholding statements made by employers with copies of the withholding statements attached by employees to their individual income-tax returns. The Hoover Commission has estimated the elimination of quarterly reports would save employers about $22 million a year. The Government would benefit through improved administration of OASI and the tax laws. This proposal, as well as the interest-rate amendment, is now pending as H. R. 7770 before the House Ways and Means Committee.

Senator LONG. May I ask a question about that? Do I understand you to state that the OASI trust fund should receive a higher interest rate, a higher interest rate income?

Senator KERR. Than it now receives.

Senator LONG. Do you not think it might be better for the Federal Reserve Board just to bring its interest rates down, rather than increasing its interest on the national debt? You have got a $300 billion national debt, and every time you increase interest rates, the taxpayers of this Nation have to pay.

Why should there be an increase in the interest rates any more than they are already?

Secretary FOLSOM. All we are saying here is that we have a provision here for a change in the interest rate on the special obligations

issued to this trust fund, and I said that we now credit the trust fund with interest on the average of all Treasury securities outstanding.

Well, we say that if you invest your money for a pension fund, you generally invest it in long-term securities. We propose that instead of using the average of all securities outstanding, we take the average of all those outstanding beyond 5 years, so it would not have anything to do with interest rates in general.

Senator LONG. I am not going to quarrel with that particular thing. Any time you raise interest rates on the national debt and interest rates in general, every homeowner and every person who borrows money in America has to pay for it.

You might as well let these people who have the old-age and insurance fund benefit from it. But why isolate that factor? Why not look at the fact it is just not good for this Nation for the Federal Reserve Board to adopt policies which mean raising interest rates in general?

In other words, a one-half of 1 percent increase in interest rates means an increase of $1.5 billion that the taxpayers of this Nation have to pay to bondholders. That does not help to balance the budget.

Secretary FOLSOM. That is outside of my field, now. That is when I was in the Treasury; but I think the Federal Reserve and the Treasury have done a marvelous job in stabilizing prices, and I don't think you would stabilize prices if you did not let interest rates vary with demand.

If you do not let interest rates fluctuate, you lose by it.

Senator LONG. Strangely enough, the first thing that happened when this administration came into power was for the Federal Reserve Board to cease its operations, and interest rates went up by about one-half of 1 percent on all Federal borrowing; and during that same period of time, the cost of living continued to rise to its alltime high.

When the Federal Reserve Board went to the open market operations, strangely enough, interest rates proceeded to come on down, that is, the cost of living came down somewhat rather than going up.

Actually, it appears to me that interest in many instances is a part of the cost of living; it is a part of the man's rent, it is a part of the price he pays for his car. And interest rates, just like everything else, when they go up, raise the cost of living rather than reduces it.

Secretary FOLSOM. Well, Senator, at certain times if you do not let interest rates go up, you are apt to have inflation. Now, I think the students of the subject would say on the whole, the Federal Reserve has done a very good job in the last 3 or 4 years in trying to stabilize prices and stabilize the economy. There were certain periods there where they might be criticized.

Senator LONG. Any time you wanted to do anything about inflation, if you really were concerned about it, what you had to do, invariably it was to put on price controls. And you will find that the times when we have had the highest inflation, we have also had some of our highest interest rates; in other words, when you had the highest cost of living.

Senator FLANDERS. Will the Senator yield?

Senator LONG. I would just like to——

Senator FLANDERS. I hate to interject this, but we have a serious bill here, Mr. Chairman.

Senator LONG. I want to point out that this administration believes that it is really good for this country to raise interest rates one-half of 1 percent. That means the taxpayers have to pay about $1.5 billion on public debt, and it means the private debtors have to pay another $500 million.

Of course, those who hold the bonds and indentures benefit from it. I do not think it benefits the Federal Treasury or benefits the Federal economy.

Secretary FOLSOM. I don't think this has anything to do with the proposal here.

Senator FLANDERS. I wanted to say, we have a serious bill here. I am having difficulty in finding the time to give it the attention that I ought to give it; and since the question which the Senator from Louisiana has raised is not pertinent to the bill, as I see it, I hope he will withhold his discussion at this time and place.

Senator LONG. Let's see whether it is pertinent to the bill.

You are proposing here that, because this administrator has adopted a policy that has raised interest rates, that you ought to raise the interest income to old-age and survivors insurance.

Secretary FOLSOM. No; it has nothing to do with it whatsoever, no connection whatsoever. We are simply saying that we think that this fund ought to get the benefit of the average rate which we pay on long-term investments, because if this were an independent fund like an ordinary pension plan, you would invest the money in long-term securities; you would not invest it in short-term securities.

Senator LONG. Well, suppose the Federal Reserve Board adopted an open-market policy. It brought the average interest rate down below 2.49 percent. Suppose it brought it down to 2.25 percent. Are you proposing that the social-security fund should be receiving interest income at a substantially higher interest rate over what the industry was buying it for?

Secretary FOLSOM. No. We say over the years, this fund ought to get the average interest rate of bonds outstanding over 5 years, whether it is 2 percent or 1 percent or 5 percent.

Senator LONG. What you are proposing, in effect, would be, then, that if the Federal Reserve Board should exercise its powers to reduce the interest rates which this Government has to pay on the national debt, that the fund should have its income reduced, also?

Secretary FOLSOM. Sure. We say it ought to fluctuate up and down with the market rate on interest. But we say in figuring that rate, you ought to take into account long-term rather than short-term interest rates.

Senator LONG. You recognize you would not be bringing any additional income to this fund except when you have an administration which believes in a high-interest-rate policy; you agree to that, do you not?

Secretary FOLSOM. No. You would raise more than if you use the present formula. You should be comparing what it would be under our proposal and what it is now.

Senator LONG. If you had an administration which tried to hold the interest rates down and had measures to bring these interest rates down, you would be reducing the income?

Secretary FOLSOM. It would not be reducing it from what the present formula would yield.

Senator LONG. What you want to do is wed the social-security fund to this administration's high-interest-rate policy; that is what you want?

Secretary FOLSOM. No. It has nothing to do with it at all. The only thing I am saying is, I have tried to say it——

Senator LONG. The fund would not benefit from your proposal if you did not have a high-interest-rate policy.

Secretary FOLSOM. No; it would benefit in any case where the rate of long-term securities was higher than on short-term securities. Under all normal conditions, the rate on long-term bonds is higher than on short-term bonds.

The only thing we are saying is, don't penalize this fund by considering the amount of short-term bonds outstanding. It hasn't anything to do with the level of interest rates at any one time.

The CHAIRMAN. Your position is that these bonds will probably remain 5 years or longer?

Secretary FOLSOM. Sure. We don't need the bonds for a long time.

The CHAIRMAN. And they will only take the interest rates of the average of bonds 5 years or longer, and it means four one-hundredths of 1 percent additional?

Secretary FOLSOM. That is right.

The CHAIRMAN. Which is——

Secretary FOLSOM. $80 million.

The CHAIRMAN. $80 million.

Senator LONG. How much?

Secretary FOLSOM. $80 million a year. It would come out of the budget. It would come out of the budget and go into the trust fund. It would be a transfer.

Senator BARKLEY. When we passed the original Social Security Act my recollection is that we first provided that the money which went into this trust fund for the beneficiaries was to be invested by the Treasury in Government obligations.

Secretary FOLSOM. Yes.

Senator BARKLEY. And my recollection is that was 3 percent. I think that was in the law. I might be mistaken about that. But anyhow, it was supposed to be.

And now, of course, the E bonds which the Government has been issuing since the beginning of World War II draw approximately 3 percent if you hold them until maturity; and by reason of some extension even beyond that, now it could be even a little bit above 3 percent. That is a fixed rate of interest.

Is your recommendation here now that on these Government obligations which this fund is invested in, that there should be a flexibility of interest, just like it would be out——

Secretary FOLSOM. Well, it is now, Senator. There is a flexibility now. We simply credit the fund with the average rate of all Government securities outstanding; and all we are saying now is, in computing that rate each year, disregard securities of less than 5 years, because these really are long-term investments we are talking about here, and instead of saying that, we could say that you would invest it in the longer term bonds.

Senator BARKLEY. It is not now 3 percent, a fixed rate——

Secretary FOLSOM. No. It is the average——

Senator BARKLEY (continuing). As originally?

Secretary FOLSOM. It is the average of all the Treasury securities.

Senator LONG. When did we get away from the 3-percent rate?

Secretary FOLSOM. I don't know when the rate was changed. For a long time it has been at the average of outstanding securities, and that fluctuates every year.

The CHAIRMAN. Senator Barkley is correct?

Secretary FOLSOM. Yes.

The CHAIRMAN. Arbitrarily 3 percent was the average of the interest rate paid. And then you adopted the system of taking the average of all the interest paid, and what you now want to do is take the average of interest rates of the average of those bonds of 5 years and longer, which makes a small difference, if your estimate is correct, of four one-hundredths of 1 percent.

Secretary FOLSOM. It is not a big item. On the other hand, it is significant——

Senator BARKLEY. I may be a little rusty on the matter, because I remember it was 3 percent at the beginning, and, of course, I was out of office here a good while, and it is amazing how you get out of touch with things when you are out of office.

The moral is, stay in office. [Laughter.]

Secretary FOLSOM. Mr. Chairman, the fourth item here is the "Advisory Council."

I favor the provisions of H. R. 7225 which would establish a representative new Advisory Council on Social Security Financing to review financing arrangements and the status of the OASI trust fund. Such groups, bringing together various points of view for a careful, independent appraisal, can render a very valuable service.

These proposals would extend coverage, simplify operations, improve financing, and encourage careful study. While they make improvements in the particular areas affected, they would be relatively minor steps in the light of the full scope of OASI. They involve no tax increase, of course, and they would slightly improve the actuarial position of the system.

OASI has made tremendous progress over the past 20 years. Amendments including benefit increases, were enacted in 1950, 1952, and 1954. The system today is operating soundly and very effectively.

In these circumstances, I believe the wisest course at this time would be to gain further experience under the recent far-reaching amendments, measuring their impact on OASI over the long range, meanwhile taking steps to advance other welfare programs for the benefit of the people. I would not initiate at this time in OASI further major innovations or broad departures in principle which would increase taxes substantially and raise serious uncertainties for the future.

MAJOR PROPOSALS IN H. R. 7225

Proposals in H. R. 7225, as you know, would lower the eligibility age on benefits for women from 65 to 62, provide cash benefits under OASI to the disabled, starting at age 50, and finance these changes with an immediate, major tax increase on all social security taxpayers. As a strong supporter of OASI for more than 20 years, I am deeply concerned over the effects these proposals would have now and in the long run.

The tax increase: There are, of course, many desirable benefits which many people would like to see added to OASI. We all have sympathy with special needs that may arise for some individuals. With the system now in approximate actuarial balance, however, one thing is imperative—if we are to preserve the soundness and integrity of our social security program, any significant new benefits must be accompanied by additional taxes to pay for them. I am glad to note the House Ways and Means Committee recognized this need by proposing tax increases intended to meet the costs of the proposed changes.

But there is a limit to the tax increases that should be imposed on the people to finance a social security program. The concept of OASI is to provide a foundation of retirement and survivorship protection on which workers and employers may build additional security. We cannot provide every desirable benefit, or cover every possible need, without imposing a future tax burden on the people that might endanger public support for the system we are trying to uphold.

The current level of OASI taxes is 2 percent each on employees and employers, and 3 percent on the self-employed on income up to $4,200 a year. Under the law as it stands, these rates will increase automatically and gradually until, in 1975, they will reach 4 percent each on employees and employers and 6 percent on the self-employed.

The proposals in H. R. 7225 would increase the tax rate immediately by 25 percent. The rate would go to 2½ percent each on employees and employers, and to 3¾ percent on the self-employed. Under this bill, in 1975 the combined employee-employer rate would be 9 percent, and the self-employed rate would be 6¾ percent.

The bill would mean a tax increase of $1.7 billion over the first full year. By 1975, under the bill, total social security taxes would reach about $19 billion a year.

These future rates by themselves, as high as they are, do not convey the full picture of the burden they involve. Social security taxes are levied on income without any allowance for personal exemptions, dependents, or other deductions. For many persons, especially those with low incomes, social security taxes would be substantially higher than their total Federal income taxes.

In past years the tax increases necessary to support the program have been made gradually, and so they have been absorbed without undue hardship. H. R. 7225 would require an additional tax increase immediately, shortly after a major increase in 1954 and with another major increase scheduled in 1960.

Consider, for example, the tax impact on a factory worker with $4,200 annual income. His social security taxes already have increased from $54 in 1953 to $84 last year. Part of that increase was due to a change in the wage base from $3,600 to $4,200. His tax would increase to $105 the first year under H. R. 7225, and thus his payments would be nearly doubled since 1953. Ultimately his tax would go to $189 by 1975.

The impact is perhaps more acute on the self-employed, particularly on farmers who have low cash incomes. Farmers were covered for the first time last year. They are just now paying their first taxes under the system. Under H. R. 7225, the farmer who is paying $126 in social security taxes this year would pay $157.50 the next year, $189 in 1960, and $283.50 in 1975.

There would be a serious impact, too, on many small-business men who not only pay their own tax as self-employed persons but also pay a tax for each employee.

These cost figures emphasize the great care which must be taken in considering additional benefits and the taxes necessary to pay for them. We must bear in mind, too, that the benefits proposed in H. R. 7225 are departures into new fields for OASI. They are certain to lead to demands for further steps along the same line, and thus possibly to even greater costs and tax increases in the future. Many of the supporters of the bill, for example, have already made it clear their goal is disability benefits at any age, not merely at age 50.

Senator KERR. May I ask a question, Mr. Chairman?

You are aware of an amendment introduced by Senator George?

Secretary FOLSOM. Yes.

Senator KERR. He cannot be here this morning. He had to be with another committee.

He wanted to know if it would be possible for you to provide the committee with information or with the best estimate that you could give, as to the cost of his amendment in contrast to the provisions of the bill before us, and also in contrast to the present law.

Secretary FOLSOM. Well, the actuaries have already submitted figures showing the cost of the present provisions, and I have an estimate here which I could—or, if you prefer, I could send a report in later, giving detailed information on that.

Senator KERR. And also, if you could provide the committee with the cost of a bill which provided these benefits at age 55 instead of age 50, and age 60 instead of age 50.

Secretary FOLSOM. I will be glad to do that. I can give you roughly——

Senator KERR. I think it would be well to make just a memorandum report with those facts.

Secretary FOLSOM. All right.

Senator KERR. May we have it in the record, if it is all right?

(The information referred to is as follows:)

MARCH 26, 1956.

Memorandum to: Robert J. Myers.
Subject: Cost estimates for monthly disability benefits.

Information has been requested as to the cost of paying monthly disability benefits corresponding to those under H. R. 7225 except that the minimum eligibility age would, instead of being age 50, be alternatively age 60, age 55, and no age requirement at all. The applicable level-premium cost figures on the basis of high employment assumptions and the assumption that administration of the disability benefits would be strict and tight are as follows:

	Level-premium cost		
	Low	High	Intermediate
Minimum age at which disability payments commence.	*Percent*	*Percent*	*Percent*
60	0.12	0.25	0.18
55	.21	.45	.32
50	.28	.59	.42
None	.42	.87	.63

If either of these assumptions did not materialize, the costs would be considerably higher and could easily be twice as high as the intermediate estimates shown if the experience were adverse.

ROBERT J. MYERS.

Senator MARTIN. Mr. Chairman, might I ask a question here?

Perhaps, Mr. Folsom, you take care of this in your statement, and if you do, we will just ignore this question. But yesterday we were discussing, a group of us, how many Americans will be affected by this change, I mean this additional one-half percent.

Secretary FOLSOM. I think I cover that right in this next sentence.

Senator MARTIN. If you do, that is all right. But we were discussing it yesterday, and we could not agree.

Secretary FOLSOM. In the light of all these considerations, I am opposed to this proposal for an unscheduled 25 percent increase in social security taxes on the wages of the 70 million workers now contributing to the system. I believe there is no clear evidence that any overall merits of the proposed changes would justify the additional tax on so many people at this time.

I think that covers your question.

Eligibility age for women: The most costly proposed change in H. R. 7225 would lower the retirement age for women from 65 to 62. This would cost about $400 million the first full year, and more than $1 billion a year by 1970.

A lower retirement age for women has been considered carefully several times in the past 20 years and has been rejected by Congress as unwise. Congress always has concluded that any overall values of a lower retirement age were outweighed by the very heavy cost. And there has also been a serious question as to the logic of a discrimination in retirement age between women and men.

Developments over the years, I believe, indicate there is less reason for lowering the eligibility age for women today than ever before.

1. Conflicts with current trends: The proposal, in fact, seems to be a step in the wrong direction in the light of the significant and constructive trends of our times—trends in life span, employment, population, and private pension plans.

More women are living longer and working longer today than ever before. Since the beginning of OASI, the life expectancy of women at birth has increased more than 9 years, and their life expectancy at age 65 has increased about 2½ years. On the average, the woman who reaches 65 may now expect to live past 80. And the average length of life for women is 6 years greater than for men. At age 65, women may expect to live more than 2½ years longer than men.

In the past 15 years, the proportion of women between the ages of 60 and 64 who are in the labor force has almost doubled. Last year, on the average, almost 1 million women in this age group were in the labor market. The average age at which women now start to draw OASI retirement benefits is about 68 years.

Twenty years ago, or even 10 years ago, many private pension plans provided a lower retirement age for women than for men, usually age 60 for women. After further business experience and the experience with OASI, this trend has been sharply reversed. A sample survey of 327 companies by the National Industrial Conference Board recently showed 83 percent of the firms had now adopted 65 as the retirement age for men and women. A Bankers' Trust Co. study of industrial retirement plans established in 1950–52 showed that only 7 percent of these new plans provided a normal retirement age for women lower than for men.

Senator LONG. May I ask a question at that point, Mr. Chairman?

Senator Douglas has an amendment which attempts to establish a principle that a person could retire below the age of 65 but receive somewhat less payments if he did that; and that he could retire beyond the age of 65 and, by postponing his retirement, receive larger retirement payments.

Has there been any study, that you are familiar with, made by the Department on that subject?

Secretary FOLSOM. We have not given an estimate on it, but it will increase the cost, of course, because now, under the present plan, a person if he works beyond 65 does not accumulate additional benefits. Under Senator Douglas' proposal, as I understand it, he would receive additional benefits, which means that the people, when they do retire, receive higher benefits and, therefore, it would cost the system more, which would mean you would have to increase taxes.

Senator LONG. Of course, the principle could perhaps be applied in a way where the cost of the program would not be increased, by reducing, perhaps by reducing, average benefits in some respects.

Secretary FOLSOM. Yes.

Senator LONG. I just wondered to what extent the principles appeals to you.

Secretary FOLSOM. Offhand, I would say that a plan like that is—while it would work at lower ages, I do not think it would be wise to give the additional amount, because you would have to be taking it away from other people.

I think that the man who is now working beyond 65, you don't have to worry so much about him, because he is getting full pay rather than a retirement benefit.

Senator LONG. It does seem to me, on the average, a person could decide—some people need to retire sooner than others do, and the principle here is that after age 65, a man can decide for himself when he needs to retire.

Now, as I understand it, some of the countries having social-security systems do adopt that principle, that a person can retire earlier and receive less payments.

Secretary FOLSOM. That is true of many industrial pension plans, and it might be—I would not want to pass judgment on that offhand, but I say that that would be a different story, though, than giving additional benefits after 65.

I think that if those two things are tied in together, that you might have objections that you would not have if you simply permitted a man to retire after age 60 or 55, with an actuarial discount.

But, of course, not many of them would do it, because at age 60, I think the actuarial discount is—you get about 60 percent of what you get at age 65. So there are not many people who would want to do that.

Senator LONG. Although some people might find it necessary.

Secretary FOLSOM. We will be glad to report on that. (See p. 1337.)

Senator BENNETT. Mr. Chairman, may I ask the Secretary a question?

Does it not seem a little difficult to justify increasing benefits after age 65 when the average retirement age now is 3 years or more past age 65? That would amount, in effect, to increasing the benefits under the whole system.

Secretary FOLSOM. That is why you would have to increase taxes, or else take it away from somebody else.

Senator BARKLEY. If a man works beyond 65, and is eligible to retire, he does it, as a rule, because he gets more money in private employment than he would get under the retirement system.

Secretary FOLSOM. Sure.

Senator BARKLEY. Therefore, he does get more after he is 65, whether you increase the benefits or not.

Secretary FOLSOM. As you increase the benefits on this, as the Senator pointed out, Senator Long pointed out, you would have to either take it away from somewhere else or increase taxes on everybody.

But from the social point of view, the point of view of society as a whole, we don't think it is an essential part of the system.

Senator LONG. Of course, from the theoretical point of view, Mr. Folsom, I am sure you would recognize that, so far as the cost to the fund is concerned, on the average case, if you simply discounted the retirement pension, a person could retire at about 62 or 63, and the overall cost would not be any different, as far as the program is concerned.

Secretary FOLSOM. No, that would not be different, as long as you take the actuarial discount.

Senator LONG. And you do have something like that in the Federal Government retirement system now, I believe.

Secretary FOLSOM. And you have in many private plans.

Senator LONG. Yes.

Senator BENNETT. Going back to this question of retirement after 65, if the pattern—or if Senator Barkley is right, and I think he is, that men continue to work past 65 because they actually make more money working than they could, comparatively, by retirement, this would have the effect of increasing the cost of the system, and would have the net effect of increasing the level of benefits, because most people do not come into retirement to claim the benefits until after they are 68, so the net effect of this would be to increase the level of benefits for the average person retiring, and thus increasing the cost.

If we are going to increase the level of benefits, we might as well face it and increase it on the basis of legislation intended to do that, rather than going through this back door to do it.

It would definitely increase the cost, and it would increase the average level of benefits, because most people do not retire until they are 65.

Secretary FOLSOM. That is right.

Senator WILLIAMS. I agree with the conclusions reached as to the effect it would have on the costs, but I am reminded of the fact that these systems with which you are proposing that this OASI be merged, have this principle in their retirement systems. And do you think you could work that out satisfactorily, because——

Secretary FOLSOM. Senator, we are not proposing that OASI be merged with these systems at all. In this civil-service thing, we are simply recommending that the Government should do what every industry which had an industrial plan did in the thirties and since—have a separate system on top of OASI.

The OASI gives you basic protection, and the civil service would be an entirely separate system like it is now, except the benefit would be reduced to take into account that everyone would be getting OASI benefits.

Now, the civil service could have any kind of benefits they want. It would not affect the OASI—just like the industry plans.

Senator WILLIAMS. They would be retiring at two different times. They would be drawing retirement from one, and they would have to wait for the other one; there would be no connection with it.

Secretary FOLSOM. For many years, industry had plans where the women retired at 60, and they did not get anything in social security until they were 65. Some of them provided supplementary benefits.

Senator KERR. Would it be like a man who had a retirement program with one insurance company for age 55, and a retirement program in another insurance company for age 60? He begins to get the benefits of the 55-year-old retirement, if he lives, and he is still paying on the other one; and when it matures, he gets it in accordance with the contract, what he pays for.

Secretary FOLSOM. Sure.

I want to make it clear we are not advocating any merger of the systems at all. We want to keep the civil service system intact. We want to follow the principles which this committee has always felt we ought to have, to try to get universal coverage, and you have got so many people going in and out.

Now, you take the short civil-service man: If he should die now, he would get no survivorship protection: and if he were covered in OASI, he would get it, or his family would get it.

2. Reduces employment opportunities: Our older population is increasing very rapidly and will continue to do so. In Congress, in Federal agencies, and in private business, deep concern has been expressed over the need for increasing employment opportunities for older persons. And yet, although one of the purposes of lowering the retirement age would seem to be to help the woman worker, it actually could be a disservice to many thousands of older women by reducing their opportunities for satisfying employment.

Private employers have increasingly regarded the eligibility age under OASI as the standard retirement age for women. If a lower retirement age for women were adopted in OASI, many private pension plans all across the country probably would be changed to follow this lead. Many managers of private pension plans already have indicated they would do this. Under some of these plans, retirement at the lower eligibility age would be compulsory. Further, some employers naturally may be more apt to terminate employment of women aged 62 through 64 with the knowledge the women would immediately receive OASI benefits. And the proposed change would tend to lower hiring age limits and make it more difficult for unemployed women aged 62 or over, or even approaching the age of 62, to find new jobs. Thus, one of the important effects of lowering the OASI eligibility age for women could be the loss of jobs for many older women who desire work and need to work.

Senator BENNETT. May I ask the Secretary another question at that point, Mr. Chairman?

You have made the point that if the proposal were adopted to give people the option of retiring earlier, their benefits must be sharply reduced.

Now, if women under OASI were permitted to retire at 62, and you have just made the point that private pension plans would change their program to let them retire at 62, would that not have the effect of

reducing the benefits they could claim under the private pension plans, on the same theory?

Secretary FOLSOM. Well, it would depend on what the private pension plans would decided to do. They could give the full benefits at 62, but it would cost them more; and if they wanted to maintain the same costs, they would have to cut the benefits.

Senator BENNETT. So the main thing it would do would be to reduce the net benefit to women who were under both plans.

Secretary FOLSOM. That could very easily happen.

Employment not only provides a higher standard of living for many older persons who are able to work; it also gives many individuals a sense of usefulness, pride, and satisfaction which they can achieve in no other way. The Nation needs the experience, production, and wisdom of our older workers. Hence, it is important not only to the individual but to the community and our national economy that job opportunities for older persons be increased rather than reduced.

3. Wives and widows: The proposal would lower the eligibility age for housewives as well as for workingwomen. But there has been no clear demonstration that the overall social need for this step would justify the heavy costs on all taxpayers. It is argued that in many instances a wife is several years younger than her husband, and thus is not eligible for her benefits when he reaches 65—and that, therefore, he cannot afford to retire at 65. But a recent analysis by our Chief Actuary indicated that in 98 percent of the cases a man's decision as to when to retire is not based on whether his wife is eligible for benefits.

It is important to remember that the age of 65 established in the original law was never intended as a fixed or automatic retirement age. And the fact is that most persons prefer to continue gainful employment as long as they are able to work and work is available. Surveys by the Bureau of Old-Age and Survivor Insurance show that only 5 percent of those receiving old-age benefits consider that they have retired because they wanted to retire; rather, health and other factors had led to their retirement. The average age at which men now start receiving old-age benefits is about 68½ years. Thus, a 3-year reduction in the eligibility age for wives would not, in many cases, bring an additional benefit.

The proposal also would lower the eligibility age for widows. Widows, of course, already are eligible for benefits at any age so long as they have children under 18 and are not receiving wages above the standard set by the law. The theory of Congress has been that the role of OASI should be to help the widow while she is raising her family, and that afterward she may find employment if needed. The widow's problem often is one of entering or returning to the labor market after having been a housewife and mother. In these situations, we are dealing with the same basic problem of employment of older workers, and the problem should be approached from that standpoint. Thus, a reduction in the eligibility age could work to the disadvantage of the widow in the same way as to any working woman.

It would obviously be difficult to reduce the eligibility age for one group of women without also taking the same step for all women. While benefits at age 62 may be needed in a limited number of cases, in many other cases there is little need for the change—less today

than ever before. And we must take into account the ultimate tax burden on all social-security taxpayers.

Senator LONG. Might I ask you this question: You say the theory of Congress has been that the role of OASI should be to help the widow while she is raising her family, and afterward she might find employment if needed.

Would not that theory apply equally to a child who is mentally retarded? After the child reaches the age of 18, is not the mother still needed to look after a mentally retarded child?

Secretary FOLSOM. Yes, and you could find other cases, too, like that, and that is one thing we have to bear in mind. I think you will find many cases, as I pointed out, individual cases of need. But you cannot expect to have all those cases covered under a general insurance system of this type.

If you do—you can cover them, of course, but it just leads to increasing costs.

Senator LONG. The costs in this bill would be very little where the child is mentally retarded or physically incapacitated beyond the age of 18.

Secretary FOLSOM. Yes, that would be a small part of it.

4. Further steps: If we are to depart from the long-established retirement age of 65, Congress should weigh carefully the possibility of pressures for further steps along the same line. If the retirement age were to be lowered to 62 for men, too, the additional costs would be about doubled, to more than $2 billion a year, over the long run. Already many of the advocates of age 62 for retirement of women say their next step would be to seek a retirement age of 60. If there is any logic in lowering the eligibility age for women under OASI, then wouldn't many think it just as logical to lower the eligibility age in public assistance for the needy aged? An eligibility age of 62 for women in this program would cost State and Federal taxpayers an additional $85 million a year.

Also, if age 62 is to be considered the normal retirement age, questions would arise as to whether the double exemptions and retirement income credits now provided under Federal income tax laws at age 65 should be extended to age 62, with a substantial loss in Federal revenue.

* * * * * * *

In summary, the proposal to lower the retirement age for women to 62 would tend to reduce job opportunities for many older worker at a time when our objective is to increase employment prospects for those who desire to work and need to work. I believe that it would be a step in the wrong direction for the Federal Government, in effect, now to put it stamp of approval on age 62 as the normal retirement age for women.

The proposed change conflicts with the fact that more women are living longer and working longer than ever before. The proposal would be very costly as it stands, and would likely lead to still further costs to all social security taxpayers. For all these reasons, I would advise the Congress against this step.

CASH DISABILITY BENEFITS

H. R. 7225 would provide monthly cash payments to persons aged 50 or over who are unable to engage in any substantial employment because of a serious and extended disability.

The proposal raises a most difficult question. We all recognize that prolonged and severe disability is indeed a serious problem for the individual, his family, and the community. On the other hand, as the testimony before this committee has shown, there are serious differences of opinion about the wisdom of bringing the new element of cash disability payments into the old-age and survivors insurance program.

I believe the committee should carefully consider the need for the proposed change, its practicality, its long-range effects on the social security program, and its potential long-range costs.

Progress in meeting needs of the disabled: The Nation has made significant progress in recent years in helping the disabled, especially since the last time OASI cash disability benefits were intensively studied in Congress, in 1949. As a member of your advisory council at that time, I took the position of the minority on the council, that it would be unwise to add cash disability benefits to the old-age and survivors insurance program.

We, the minority, advocated, instead, that the Congress adopt a new category of Federal grants to the States, to help establish assistance payments for the needy disabled. We also called for more emphasis on the vocational rehabilitation program for restoring disabled persons to productive jobs and to independence. And we recommended that the benefit rights of the disabled, under OASI, be "frozen" so that unemployment because of disability would not reduce or eliminate their retirement or survivor benefits. All three recommendations have since been enacted into law.

Assistance grants to the needy disabled were added to the Social Security Act in 1950. Since then, 42 States have begun operations under this program, some of them only recently. About 244,000 needy disabled persons are now receiving monthly assistance payments, which total about $165 million annually. Further, many other disabled persons or their children who are in need—over a half million of them—are receiving assistance payments under other federally aided programs of aid to the blind and aid to dependent children. In most of the States, therefore, provisions already have been made to meet the basic needs of those who cannot support themselves because of extended and serious disability.

Senator LONG. I might ask if you know how the administrators of these programs in these 42 States feel about this provision.

Secretary FOLSOM. I think they are in favor of it.

Senator LONG. Of OASI. That was my feeling. They feel since the people are paying social security anyway, they ought not to be welfare clients, but they ought to be paid for by your Department.

Senator BENNETT. Mr. Chairman, I want to discuss this phase of it in detail a little later, but I would just like to throw in this figure at this point.

Less than half of the people in Utah who were receiving disability welfare payments could qualify under OASI, so it is not a program that can supplant the disability program for everybody.

I have some other figures that I would like to get in the record a little later.

Senator LONG. At the same time, it would lighten the burden.

Senator BENNETT. I am prepared to show it will lighten the burden on the States and increase the burden on the Federal Government, and make no change to the people who were receiving the benefits.

Secretary FOLSOM. Significant strides have been made, too, in the Federal-State program of vocational rehabilitation under the impetus of amendments adopted unanimously by Congress in 1954. We are requesting $41 million in Federal funds for rehabilitation next fiscal year, nearly double the amount appropriated in fiscal 1954. The States likewise are appropriating more funds. The opportunities for restoring handicapped persons to gainful employment have increased greatly as the result of medical advances and new rehabilitation techniques. Many disabled men and women who 10 years ago would have been considered hopelessly impaired are now able to resume active lives as self-supporting citizens.

Senator MARTIN. Mr. Chairman, may I ask a question?

Do you have the figures showing the number, actual number, of them?

Secretary FOLSOM. Yes. There has been a steady increase in the last 2 or 3 years, and we are hoping—I think it is now somewhere around 58,000 being restored each year. We hope to reach, and we have a goal to reach, 80,000 a year in the next couple of years, something like that.

Senator MARTIN. Thank you.

Secretary FOLSOM. The disability "freeze" provision under OASI also was enacted in 1954, and applicaions under this provision were accepted for the first time last year. We now have contracted with agencies in every State—in most cases, rehabilitation agencies—to administer these claims. Although this program is very new, we know it will be helpful to many disabled persons, not only in providing higher benefits under OASI but in bringing them more promptly to the attention of State agencies for rehabilitation. And so, since the last time Congress considered and rejected cash disability benefits under OASI, significant progress has been made in helping the disabled through these other programs—assistance payments to those who are in need, vocational rehabilitation, and the disability freeze.

The proposal to provide cash disability benefits as a new and integral part of the OASI system presents difficult problems in determining eligibility for payments.

Under the system now, cash payments are made only upon death or retirement. These conditions are easy to determine. Under the disability proposal, however, the primary condition for payment would be, in the terms of the bill, inability "to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration." These conditions for payment are much more difficult to determine, and they raise serious uncertainties in a system covering almost the entire working population.

To decide that a person is eligible for benefits, it would be necessary first to determine medically the severity of his impairment. Numerous medical witnesses have testified to this committee as to the great

problems which they foresee in evaluating physical and mental conditions for purposes of disability determinations. I believe that the testimony of so many medical experts as to the problems involved in determining disability must be given considerable weight—although I do not agree with some of them that this is a step towards socialized medicine. I do feel that their evidence should be given careful consideration.

It would also be necessary, in deciding whether a person is eligible for disability payments, to determine whether his impairment is the cause of his unemployment. This, too, can become a difficult question. It would be particularly difficult in cases involving part-time employees, intermittent workers, and those who do not have strong reasons for continued employment. It would be very difficult, for example, to determine whether a married woman with a serious disability has left the labor market because she is disabled or has quit work to become a housewife; typically, there might be a combination of motives.

Despite the eligibility requirements included in H. R. 7225, some intermittent and part-time workers, and secondary workers in a family, could nevertheless qualify for benefits.

In a period of job scarcity, it would also be particularly difficult to determine whether a person was out of work because of his disability or because of general lack of job opportunities.

It has been contended that the problems of disability determination have been met successfully under other plans such as in railroad retirement, civil service, private industry, and the OASI disability "freeze." But there are important differences between these plans and a disability system covering almost all workers. The OASI system would cover more intermittent or part-time workers or workers who have shifted frequently from one job to another. Private company plans with long experience usually pay benefits only to those with steady employment records. And the companies often have the benefit of the medical history of the employee, obtained in part in the company's own medical department. The disability freeze program of OASI does not involve the pressures that would arise from the much stronger incentive on the part of a claimant for an immediate cash benefit.

Senator BARKLEY. Mr. Chairman, I have to go to another meeting; and I would like to ask the Secretary, right at that point, a question or two, for information.

I gather that you are opposed to the provisions of this bill providing for total and permanent disability payments——

Secretary FOLSOM. Yes, sir.

Senator BARKLEY (continuing). At the age of 50.

You have had some experience in the Department, have you, in regard to severe disability under your OASI system?

Secretary FOLSOM. Yes.

Senator BARKLEY. Your answer is "Yes"?

Secretary FOLSOM. Yes.

Senator BARKLEY. What proportion of those cases—that raises the question of whether it is more difficult, medically, to determine severe disability and total disability—but what proportion of cases under your present system of severe disability have been appealed, either administratively or to judicial tribunals?

Secretary FOLSOM. Well, we have had experience now for the last year in determining this under the freeze provision which was passed in 1954, under which the people who were totally and permanently disabled, their benefits were frozen so that it would not affect their retirement when they reached age 65. We had experience under that and we found, I think, as I recall it, that about 38 percent of the cases have been turned down.

Senator BARKLEY. Well——

Secretary FOLSOM. I think it is 38. I will have to check up. It is somewhere around that.

Senator BARKLEY. Did any of them go into court?

Secretary FOLSOM. No; there has been no chance yet. Of course, there the only thing they are concerned with is whether their status is frozen as far as benefits they are going to receive sometime in the future are concerned, and we have not had any opportunity yet, or very little opportunity, for them to go into court.

But there would be—they will go to court eventually.

Senator BARKLEY. You, therefore, do not have any information——

Secretary FOLSOM. No.

Senator BARKLEY (continuing). As to the proportion, the percentage of those, which was another question, who find their way into the courts who have been reversed.

Secretary FOLSOM. We have not had the experience. It has been very limited, just for a year now.

Senator BARKLEY. Do you think—we have had a lot of medical testimony here to the effect that it is a difficult thing to determine total and permanent disability. Do you think it could be any more difficult to do this than it has been under the civil-service retirement or Veterans' Administration?

Secretary FOLSOM. Yes; I do.

Senator BARKLEY. Why so?

Secretary FOLSOM. Of course, I have had experience, myself, in a couple of plans with total and permanent disability. In a private plan you have a record of an employee, you have a record of his working, exactly how he has been working; if he has been sick, if he has been out 3 months or 6 months, you know the cause of it.

And the large medical department keeps tab on it, and the department examines a man and says he is not going to come back to work, he is permanently disabled, and, therefore, he should receive a disability benefit, and the doctor so recommends, and he passes it to the insurance company.

And they send a doctor around to check up on the man and find out whether he is disabled; and if they agree, the man receives a benefit.

There you have that close tie-in and close record of the person's employment, and also his disability.

Now, when you have a system of this type, where you have people who are in—take the case of the married woman: She might have had employment during the early part of her life and established this record for social-security benefits, to which she is entitled, and she will come back and work occasionally in order to keep it up to date.

And then she becomes—puts in a claim for disability. It is very difficult to determine whether she is really disabled or not. It is an entirely different matter than it would be where you have close contact

with the person during the whole employment period, just like you do in civil service there.

The civil-service worker, you have one outfit dealing with him at all times; the same is true with railroad retirement.

So I think it is a much more difficult problem.

Senator BARKLEY. I frankly was not greatly impressed— of course, I might have had a higher regard for the medical profession than they have for themselves—when they came here and said that it was more difficult to determine permanent and total disability under this system than it is elsewhere, because if it is the same kind of disability, it is the same human being, and with all the advancement in medical knowledge and research, it seems strange for them to say that.

Secretary FOLSOM. But, as I point out a little later on here, the subjective nature of many of these disabilities is an important factor there, too. You can't always measure them in objective terms.

Senator BARKLEY. Do you know—probably not—but do you happen to know, in the civil-service field, whether there has been any great difficulty in determining total or permanent disability, and what proportion of them have gone up on appeal and been reversed as to the lower——

Secretary FOLSOM. No; I have not studied the experience in civil service.

Senator BARKLEY. No.

Secretary FOLSOM. I do know that it is always much more difficult to administer cash disability insurance than any other social insurance.

Senator BARKLEY. I reach no final conclusion on this matter, but it is interesting to get some information growing out of the experience of other agencies, departments, and——

Secretary FOLSOM. I looked into that very carefully, because from the experience I had had with total and permanent disability, it was not unfavorable; but here the conditions are different.

Senator LONG. Here is something I find difficult to reconcile. You state on page 17 that as a member of the Advisory Council in 1949, you took the position that old-age and survivors' insurance should not cover disability.

If I understand this correctly, in the next sentence you said "we," and I take it that was the minority, of which you were a part, "advocated instead that the Congress adopt a new category of Federal grants to States to establish assistance payments to needy disabled."

Now, potentially, or conceivably, that could apply to any person in the entire United States, so you certainly would not have had much contact with all those people. How could you recommend that the disability could be determined for anybody under public welfare and yet you could not determine it under old-age and survivors' insurance?

Secretary FOLSOM. Well, you had another check there. You had a check, the local administration had a check, with the person who was in need, and if they didn't qualify for one assistance program, they might for the other.

It is a different matter, I think, when you have a local administration, where you have got the factor of need involved, and the cost to the local community.

Senator LONG. Disability would not be different, though, would it?

Secretary FOLSOM. No. Well, now——

Senator LONG. It is still a question of determining whether a person is disabled.

I know in Louisiana, there are quite a number of people—I would say the program runs 10 percent of the cost of the aged, and they do not seem to find it too difficult down there to determine it.

But in appointing a board they do insist on having more than one doctor on it, so that it will be decided by a panel. This tends to prevent the pressure on one doctor.

Secretary FOLSOM. It is also different, too, when a person is asking for benefits as a matter of right, when he made a contribution, than when it is on a need basis. It is really quite a little different—both the attitude of the worker and the attitude of the person passing on it.

Senator LONG. Of course, I think you agree, based on your earlier testimony here, that generally speaking, it is good for social security to cover the fundamental needs of people, particularly with regard to disability because of age; and I take it that you approve the idea of a person's being entitled to these payments because of disability from point of age, as a matter of right rather than as a matter of applying as a needy person with hat in hand.

Secretary FOLSOM. Yes, sir.

Senator LONG. I am sure you would find some of the disabled who are not old who would like to say as a matter of right he is entitled to some payment, rather than having to walk up and say he has no income, is disabled, and unable to provide for himself.

Secretary FOLSOM. But I am concerned with whether you can put it on a practical basis or not, without its getting out of hand. And I do think, as I bring out later on here, that most of the changes, or practically all of the changes made, the changes we made in the OASI system, resulted from long study in which the groups pretty well agreed.

Now, we still have got—there is a sharp difference of opinion on this—we had it from the very start, and it is still not reconciled. There are just as many people, in fact more people, who seem to be opposed to this now than there were in 1948, and I question whether we want to make a major change until we get a little better agreement among all the groups.

Whether we can get agreement, I don't know, but we ought to keep striving until we can get a little more unanimity of feeling on it, rather than getting into a plan where so many questions have been raised and have not yet been answered.

Uncertainties of costs: The difficulties in determining eligibility and other factors lead to serious uncertainties as to future costs of a cash disability benefit system.

The estimates of the cost of cash disability benefits starting at age 50 are about four-tenths of 1 percent of payroll, or about $200 million for the first full year, rising to about $900 million a year by 1980. However, the Chief Actuary of the Social Security Administration has pointed out that his cost estimates in the field of disability are subject to a far wider range of variation than for other types of benefits.

The cost estimates I have cited have all been made on the assumption of high employment conditions. The costs would be far higher under low employment conditions. Undoubtedly many more disabled persons would press applications for benefits, and many more benefits would be paid. During the depression of the 1930's the private life

insurance companies which had offered disability income benefits suffered large losses, and many were forced to abandon disability benefit insurance.

Another element in the cost estimates is that they have been based on the assumption that the program would be strictly and tightly administered. And yet, clearly, there could be serious difficulties in determining eligibility for benefits, and there is little assurance that under all circumstances the administration could be tight and strict. Appeals from administrative determinations to the courts might well—as they did with private disability insurance in the thirties—result in precedents requiring less strict administrative determinations. The fact that under the bill agencies in 48 States would be making initial disability determinations would tend to make uniformly tight administration more difficult.

Another important cost consideration is the prospect that the age limit of 50 would soon be lowered. The provision of cash disability benefits only to those who have attained age 50 would be a very difficult line to maintain. Cash disability benefits at any age would cost social-security taxpayers almost $1.5 billion a year by 1980.

Relationship of cash disability benefits to vocational rehabilitation: There is no question that the most constructive approach to the problem of a worker's disability is, wherever feasible, the process of vocational rehabilitation. We should do everything possible to help disabled persons fit themselves for work and to help them find work they can perform. As I indicated earlier, we are now working with the States to expand the rehabilitation programs. Experts working in this field believe that the potential is great, and that much more can be done.

Witnesses have testified that cash benefits may reduce the incentive of some disabled persons toward rehabilitation—particularly if the benefits, when combined with other resources of the individual, adequately meet essential needs.

Senator LONG. If I might interrupt you there, Mr. Secretary, in holding down the cost of the program, it was suggested to me by the Louisiana administrator that if you are going to have a program for total and permanent disability, you should have some sort of a program for total but temporary disability.

In Louisiana, the State does that without any Federal aid, and it is their contention that they actually save money by doing it, because it is much better to start a person out on the basis by saying, "We recognize you are disabled now, but it would seem to us that you ought to get well or you ought to get better in a few months; and, that being the case, we will put you on for 5 or 6 months, and take another look at you. And if we think you are better off then, we will let you go on your way."

In that regard, they do seem to feel it is better to start out classifying a person as being temporarily disabled, rather than to classify them as being permanently disabled.

Secretary FOLSOM. That is another point why, if you adopted a total and permanent disability cash plan, wouldn't you eventually lead to a temporary disability plan, too, as to where you could draw the line and whether you can hold it at that?

Senator LONG. You would find it better, you see, by starting out classifying a person as being totally disabled, if you know a man is

only disabled for now; but if you classify him as being permanently disabled, there is something to your point that he would tend to feel that he was still disabled when you might feel you ought to tell him to be on his feet and be on his way.

Secretary FOLSOM. Our own experience with the rehabilitation process indicates that the drive and willpower of the individual is the most important single factor in determining his chances of successful rehabilitation. Rehabilitation and establishment in employment are often arduous and difficult experiences. There are, undoubtedly, those among the disabled who would hesitate to move from the security of an assured benefit to the uncertainty of the competitive labor market.

We recognize that successful rehabilitation and reemployment of all disabled persons are not possible, and that modest cash benefits need not necessarily reduce rehabilitation incentives. However, we should be careful not to take any step which might reduce the incentive for rehabilitation. The committee is faced with a proposal for legislation in a delicate area of human motivation. It is impossible to proceed with the same degree of assurance that has accompanied other steps in the expansion of the social-security system.

Few subjects in the field of social security have been so controversial over the years and are so controversial today as the proposal for cash disability benefits.

In the past, a wide area of agreement usually has developed before major changes were enacted in a program involving so many people and so many billions of dollars. There is no such agreement today. There is a great divergence of opinion on the difficulties of administering a cash disability program, our ability to control the costs, and the effects on vocational rehabilitation.

On the other hand, we are making significant progress in helping disabled people—through assistance payments to the needy, the rehabilitation program, and the disability freeze. We need more time to develop these programs fully and evaluate their results.

In view of the grave uncertainties involved and the potential heavy costs to all social-security taxpayers, I would advise the committee not to adopt the provisions of H. R. 7225 for cash disability benefits (secs. 101 and 103).

PROSPECTS FOR THE FUTURE

Productivity in this country has been increasing steadily over many years. With increased productivity have come rising wage levels. This trend increases both benefit costs and tax income under the old-age and survivors insurance system. But the income increases more than the benefits.

Now, the reason for that is, as you know, the benefit formula is for 55 percent for the first $110 and 20 percent above that; so when a person gets a wage increase, his benefit in the future is going to increase, but most of it will come in the 20-percent area and not in the 55-percent area.

So his tax is going to increase, the tax which he pays to us will increase, somewhat more, proportionately, than the benefit which he is going to receive. So we do benefit, as we have in the last few years, from a rise in wage rates because of that weighted formula.

Because of this factor, the actuarial position of the system has been improving. Estimates of the present program, based on the 1951–52

wage levels, showed a long-range deficiency in the program of 0.48 percent of the covered payroll. Estimates based on 1955 wage levels, that is, in the 3-year period, now show a deficiency of only 0.16 percent of the covered payroll, so we gained 0.32 in that period of time. If this trend continues, and we are hopeful that it will, then in the future it will be possible to provide additional benefits without requiring an increased tax rate or causing an actuarial deficiency. It would not be prudent, however, to increase benefits now in anticipation of this possibility, because it might very well go the other way. If you should happen to get—unfortunately, if we should happen to run into a period—we don't expect it and we hope we will not have it—if you don't increase your employment, with the resulting increase in payments because of the increased employment, there would be danger in increasing the benefits.

So this trend can very easily be reversed, and so you can't very well anticipate these things. You had better wait until you get them.

If the favorable financial experience develops, we could consider then the most desirable additional benefits in the light of the circumstances and the needs at that time.

SUMMARY

Mr. Chairman, in summary, these are our views on the major issues now before the committee.

With the milestone reached in the 1954 amendments, OASI is operating soundly and effectively. We should now extend OASI coverage and adopt sound and constructive legislation advancing other social welfare programs.

In the light of recent tax increases and the scheduled increase in 1960, an additional major tax increase should not be imposed now on the 70 million workers covered by the OASI system.

For the reasons I have already stated, the provisions of H. R. 7225 to lower the retirement age for women and provide cash disability benefits under OASI should not be adopted.

I have given you our best thinking on these important, long-range problems that confront us in the development of our social-security system. I want to pledge you our continued cooperation in keeping the social-security program sound and effective.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Senator Millikin, do you have any questions?

Senator MILLIKIN. No questions.

The CHAIRMAN. Senator Long?

Senator LONG. I will yield to Senator Martin at this time.

Senator MARTIN. I would just like to clarify your statement. You state there are 70 million workers. Now, how many would benefit by the—the 70 million would have increased taxes, and how many would possibly benefit under the various provisions in this bill?

Secretary FOLSOM. We have this: The first year we estimate that the women, all women, age 62—there would be about 800,000 who would benefit.

Under the disability, the first year about 250,000. But that would gradually increase, and ultimately it would go up as high as a million and a quarter. But the first year, about 250,000.

So the first year, about a million people, slightly more than a million, would receive benefits.

Senator MARTIN. You spoke there a moment ago about possible, well, we will call it, inflation. Would we not also have the danger, if we had a very serious inflation, I mean it would make it more difficult for these people who are paying in this tax, because that would be an increase in cost of things that they must have.

Secretary FOLSOM. Of course, then, if you have a serious inflation, your income goes up, too, you see; your income goes up.

Senator MARTIN. Your income goes up.

Secretary FOLSOM. And the chances are you would also increase your benefits in order to meet the increase in the cost of living, but there would be a lag. You would gain during a period of inflation, the system would gain, but the worker would lose, because his benefits would not buy as much.

Senator MARTIN. That is what I am getting at.

Secretary FOLSOM. And then you would, later on, increase the benefits, but you probably would not be able to keep up with the procession.

Senator WILLIAMS. That is, in effect, what happened about in the past 8 or 10 years. As the cost of living was rising, we were raising the benefits, but it was wiped out before they got it.

Secretary FOLSOM. Yes. That would be the case. Not only this but other things, just like salaries and other benefits, during a period of inflation.

The CHAIRMAN. Have you finished?

Senator MARTIN. Yes.

Senator LONG. Mr. Chairman, I have a substantial number of questions I would like to ask, and inasmuch as I already have interrupted the Secretary's statement, I would like to have the other members of the committee ask their questions before I ask mine.

Senator FLANDERS. I thank the Senator from Louisiana. I have 1 or 2, 3 or 4 questions, and I think they will take short answers—I hope so.

One question I raise because correspondence from my State has raised it, and that is the question as to whether the reduction to 52 years of age for women——

Secretary FOLSOM. 62.

Senator BENNETT. 62 years.

Senator FLANDERS. Yes. Thank you. [Continuing.] Could be applied to widows only. The basis of the reasoning behind that is that many widows have had no work experience outside of the household and find themselves severely handicapped in seeking to make their own living.

Secretary FOLSOM. Well, it could be limited, of course, to widows. It would cut the costs, but it would be very difficult.

All of us who have studied it quite a little feel that it would be very difficult to confine it to one category, because you would have the case of a workingwoman who wants to retire, and maybe she has to retire for one reason or another, and she has contributed to the system for many years, and she says, "Now, you give this benefit at age 62 to a person who made no contribution at all, and here I have been contributing all these years. Why shouldn't I get it, also, at age 62?"

So it is pretty hard to answer. You could start with widows, but I imagine you would bet so many cases brought to your attention of inequities that it would not be very long before you would have quite a little pressure to extend it to all women.

Senator FLANDERS. The Senator from Delaware suggests, in a low tone of voice, that voluntary widowhood might be stimulated. [Laughter.]

Senator BENNETT. Mr. Chairman, may I ask the Senator, do you make any distinction between the two famous types, grass or sod? [Laughter.]

Senator FLANDERS. The only suggestion that has been made to me has been that in cases where the breadwinner has died and the widow has always been a housekeeper with no work experience, that special attention should be given to widows at the age of 62 for that reason.

And what you are saying, Mr. Secretary, is that you would view this as an entering wedge, difficult to control; that is your argument?

Secretary FOLSOM. Yes. I think that before long, it would be extended to all women. You could hardly expect to hold it.

Senator FLANDERS. Although this is one of the cases where you can be specific with regard to its application. There is no no man's land or no woman's land in this thing.

Secretary FOLSOM. Yes. But not as far as pressures thought to have it extended to the other groups, and you would have cases just like I cited where it looks like it would not be fair.

Senator FLANDERS. Yes. I think that answers my question so far as your attitude is concerned.

Now, will you just explain in a few simple words what the disability freeze was? I didn't quite get it.

Secretary FOLSOM. Well, that was adopted in 1954, that when a person is totally and permanently disabled, a State agency makes that determination, and it is approved by the Bureau of OASI, and then the record of that employee, that person, in the social-security system is changed so that his benefits will not be adversely affected by his lack of employment because of his disability.

In other words, if he is now entitled, before he became disabled, to a benefit, say, of $100 a month, then it is going to be frozen at that level while he is disabled, just the same as a waiver of premium under a private insurance policy.

Senator FLANDERS. Yes. So that when he arrives at the age of 65, he will be receiving the same benefits as he would have done if his work had continued at his previous record of rate of pay.

Secretary FOLSOM. That is right. In other words, he would be receiving exactly the benefits he would have if he had been working up to that time.

Senator FLANDERS. It has been suggested that the experience of the insurance companies with total disability is not as good a basis for decision on total disability under the OASI as it would seem to be on the face of it.

It has been said that the cases in which there was difficulty in deciding and in which the insurance companies were overruled by court action, took place during a period when juries tended to be prejudiced against insurance companies, and that the determinations were almost uniformly against them, without strong supporting evidence being required. Have you any comment on that?

Secretary FOLSOM. I don't think that is the only adverse experience that they have had, not based just on court decisions though, because I think their general experience, especially during the thirties there, during the period of unemployment, they found—because they had had fairly good experience up until the thirties—and yet, when the period of unemployment came along, they found that the rate, the incidence, was much higher. I do not know what effect the court decisions had, but I do know that it is a factor, and I do not see why it would not apply here just as well as it would with the insurance companies.

Senator FLANDERS. This is just a legal question which I am not informed upon: Can any controversy as to the administration of OASI be determined in the Federal courts, or does it have to go to the Court of Claims and all the difficulties that are concerned therewith. Is it subject to ordinary Federal jurisdiction?

Secretary FOLSOM. Well, there is a review. I do not know exactly what the legal steps are, I do not recall it, but I know under this freeze provision we have, that is the only place now we determine disability, and we have not had any cases go to court on disability, as I said.

The State agency determines it, and then we have a chance here to overrule favorable decisions. If we overrule, that is, if the State says that the person is entitled to the freeze and we say no, he is not entitled to it, then they can appeal and then take it to the court if they want to.

Senator FLANDERS. The Federal court has jurisdiction?

Secretary FOLSOM. Yes. But, of course, you do not have anything like the urge there for court review on a freeze that you would have if it was a question of cash benefits which was involved.

Senator FLANDERS. Yes. Now, as I understand your statement, you felt that the experience with the disability clause in private systems was not any criterion of the experience you would meet with in OASI, and that you based your judgment on that primarily on the fact that in the private systems the man's history is known, both to his fellow workmen and to his employers, so that you start with a knowledge of the case which you do not have in OASI. Was that the main point of your contention?

Secretary FOLSOM. Yes; it was.

Senator FLANDERS. Would you, however, feel that that was going to apply, or that the same argument extends to railroad retirement, for instance?

Secretary FOLSOM. Yes. There I think you have his employment with a railroad company, and the railroad retirement system is simply a pension plan where all the railroad companies have pooled their pension plans into one system. So you still have the employment relationship there as you have in private industry, in other private industries.

Senator FLANDERS. And you would feel also that the same judgment would be passed on civil-service disability?

Secretary FOLSOM. Yes; I think so.

Senator FLANDERS. So your whole point here is that in one case you have a large Federal system without the intimate knowledge of the situation on the part of those who would be called upon to make the determination; whereas in these other systems you have the judgment which is made by those who have intimate knowledge?

Secretary FOLSOM. That is one factor.

Senator FLANDERS. Is that the point?

Secretary FOLSOM. I would not say that is the only factor, but that is one. Another factor in this disability is that the determination is being made by the States. Now, some of these people are now on the assistance rolls, and there might be a tendency on the part of the State agency to want to transfer them to the insurance rolls so that they would not have further burden, the State would not have any burden. The State would simply put it on the OASI. I wouldn't say they would do that, but there might be a tendency in that direction.

Senator FLANDERS. I get letters from the totally disabled or those who feel themselves to be totally disabled, in my State, asking for this new age extension, and they say that they are in desperate straits, and this is the only thing they can see that will enable them to get by or get through.

We have these three improvements that you mentioned. Let's see, what were they?

Secretary FOLSOM. Of course, if they are in difficult straits, they can get assistance, a total and permanent disability assistance program, under that program.

Senator FLANDERS. And that is administered by the States——

Secretary FOLSOM. And we pay——

Senator FLANDERS (continuing). Subsidized, in part, by the Federal Government.

Secretary FOLSOM. Yes. We pay part—it is a grant-in-aid program.

Senator FLANDERS. So far as the rehabilitation is concerned, the claim is made, if there is rehabilitation at these ages, the rehabilitation and reemployment is much harder.

Secretary FOLSOM. Our rehabilitation people say that you can rehabilitate many people over age 50.

Senator FLANDERS. The final question: One of the amendments before us proposes that—the amendment submitted by Senator Kerr and others—proposes to provide means by which—let's see, what is the term used; some sort of a warrant or a——

Senator BENNETT. Food stamps.

Senator FLANDERS. Food stamps; that is it.

Under this plan $10 a month worth of agricultural commodities which have been defined by the Secretary of Agriculture as surplus agricultural food products, should be made available to certain categories of public assistance agencies.

Have you any comment to make on that proposal?

Secretary FOLSOM. Well, I have just sent today to the chairman, Senator Byrd, a letter giving our position in regard to that, and each one of you will receive a copy, and it will give you our arguments in detail why we do not think it is advisable.

(The letter appears at p. 1310.)

But I can summarize it very briefly by saying we already have a direct distribution of surplus foods now—it has been well established for some time—in which the Department of Agriculture gives these surplus goods to the States for them to distribute in bulk to the counties and the cities and localities.

They tell me in March of this year 3 million persons in 38 States will receive this food, and 300 million pounds of surplus food will be distributed this year doing that.

We have checked up on it with the Agriculture Department, and we both—of course, it is more of a problem of theirs than of ours—we both feel it is better to continue that system, and its expansion, rather than to get into this new system.

We estimate that the cost of this food-stamp plan would be almost a billion dollars a year.

Senator LONG. How much?

Secretary FOLSOM. $1 billion a year.

And the Department of Agriculture does not seem to think it is going to have much effect on the existing surplus, because if you give a person this stamp, $10 stamp, which entitles him to $10 worth of food, we are not sure that he is going to use that $10 he has saved, in buying food. He might buy other things with it. So it does not necessarily mean it is going to result in any reduction in the surplus.

Senator FLANDERS. It would seem as though that would be safeguarded by the terms of the——

Secretary FOLSOM. We have had experience with this, you know, once before——

Senator FLANDERS (continuing). The terms of the bill.

Secretary FOLSOM (continuing). Back in the thirties, and we found lots of trouble in getting compliance with it.

Senator FLANDERS. What did they do, buy radios?

Senator BENNETT. They buy food with the food stamp, and then take the money they saved to buy radios.

Secretary FOLSOM. We don't know. But the food surplus problem was not met with it.

We think, the Department of Agriculture thinks, that the present system is a better way of handling it, of meeting the situation, the present program, than this one.

Now, we will outline in more detail the objections which we have to this in a 2- or 3-page report which you will receive. I think we have copies available now.

We think, based on experience—and we did not have good experience with this system—that it is awfully hard to get compliance; and also, you have got the question of some markup of the retailers and wholesalers included in this, too, which you do not have in direct distribution, you see.

Senator FLANDERS. That would seem to be a pertinent factor, Mr. Chairman.

I have finished with my questions.

The CHAIRMAN. Senator Williams?

Senator WILLIAMS. I have just one question.

Mr. Secretary, under the existing law, this program is open whereby citizens of any country in the world can qualify for eligibility for payments.

Secretary FOLSOM. Yes.

Senator WILLIAM. Is it the position of the administration, your Department, that this continue to be left so citizens of any nation in the world are eligible?

Secretary FOLSOM. Well, yes; we think it would not be wise to restrict the program this way, to take out the aliens, because, in the

first place, it is very difficult to administer, it would be difficult for an employer to go through his payrolls, say an employer up close to the Canadian line, for instance, to go through his payrolls and see which ones are citizens and which ones are not.

We also have some arrangements with foreign countries, treaty arrangements, in which our people working over there receive coverage under their social-security system the same as theirs receive here.

So we would not recommend any change in that now. We do not think there is any abuse of it or anything which gets us into any difficulties.

Senator WILLIAMS. In your recommendation for broad extension, are you recommending that coverage be extended to embrace the citizens of all those countries, and make it a worldwide insurance situation?

Secretary FOLSOM. No. We are keeping it to where it is now. We don't advocate any extension. We think it is broad already.

Senator WILLIAMS. Under the system, the question was raised to me—it may not come up many times—but, for instance, if a widow at a certain age has children under the age of 18, who is eligible for benefits, and so forth—what kind of a problem is there and what would be your decision in a country, if a man dies, and the country itself recognizes polygamy, and he has got several wives and several children? Which wife would you recognize, or would you recognize all of them, and how would you decide?

Secretary FOLSOM. Well, a case like that has not come up to my attention yet. I don't know.

Senator WILLIAMS. Would you recognize the marriage laws of the countries affected, and would all the wives be eligible?

Secretary FOLSOM. Well, I couldn't give you an answer on that one, Senator. I can find an answer for you. I can find out what the people say, what our legal people say about it. I don't know.

(Information for the record submitted later by the Department:)

In countries where polygamous marriage is legal, old-age and survivor insurance benefits would not be paid to more than one wife. The determination of whether an applicant for benefits is the wife or widow of an insured worker is based on whether the applicant would be considered to have that relationship under the law that would be applied in determining the devolution of intestate personal property by the courts of the State in which the insured worker was domiciled. If the worker was not domiciled in any State, the law as applied by the courts of the District of Columbia governs. Since polygamy is not recognized under the laws of any State or of the District of Columbia a wife of a polygamous marriage, even if contracted validly abroad, could not meet the definition of "wife" for eligibility for bnefits under old-age and survivor insurance. Therefore, only one wife of an insured worker who had contracted polygamous marriages would be ligible for benefits. Generally speaking the wife who had married the insurd worker first would have the status of "wife" under old-age and survivor insurance.

Senator FLANDERS. Will the Senator yield for a moment?

Senator WILLIAMS. Yes.

Senator FLANDERS. At the time of the St. Louis Exposition, which some of you are old enough to remember, they had an exhibit called the Ubangi Belles, in which a chief from Africa was brought in with his wives—with his wife, excuse me—with big rings in their lips, and so on. And there was a little trouble about getting them admitted, until one of them was decided to be the queen, and the rest were ladies-in-waiting. [Laughter.]

I do not know if it has any connection with the Senator's point or not.

May I just raise one other question. I was intrigued by the answer which the Secretary gave, indicating that Americans do get benefits abroad under these relief provisions.

Do I understand, Mr. Secretary, that I could go to England, get temporary employment, and be eligible to receive a free wig? [Laughter.]

Secretary FOLSOM. I don't know. As a matter of fact, I think you could go—a foreigner can go over there now and get the benefit of their medical program pretty liberally. In fact, some of them are abusing the system, I understand.

Senator WILLIAMS. I notice in the letter you sent, in which you pointed out we had these treaties, the two countries you named happen to be two countries which are not listed in the chart as receiving any benefits from us.

Secretary FOLSOM. I did not realize that.

(Information for the record submitted later by the Department:)

In the table transmitted to Senator Williams showing number and amount of monthly benefits to beneficiaries living abroad data for the continent of Asia were not broken down by country. The table, therefore, did not show that payments are made in the countries of Israel and Japan, with which the United States has treaties containing equal-treatment clauses. Actually, the program is paying 143 beneficiaries in Israel, a total of $7,076 in monthly benefits and is paying 1,325 beneficiaries in Japan, a total of $67,726 in monthly benefits as of December 31, 1954.

Senator WILLIAMS. So, therefore, the countries we are sending these check abroad to, some sixty-odd-some counties, according to your letters, there is no duplication there, and I notices that over half of those getting them—there were 4,448 citizens of Italy who have never been American citizens who are living in Italy today, drawing benefits under the social-security program. How did they qualify?

Secretary FOLSOM. Well, they came over here and worked over here, and didn't become citizens; and then when they retired, they went back to Italy and lived.

Senator WILLIAMS. Then we would assume they worked a relatively short period.

Secretary FOLSOM. Not necessarily. They might have worked quite a long time over here and not become a citizen.

Senator WILLIAMS. That could be, and that is the question, and I was wondering——

Secretary FOLSOM. You can see how difficult a problem it would be for an employer to go through and separate it.

Secretary WILLIAMS. Perhaps it would.

Secretary FOLSOM. And also a matter of fairness, too. I don't see——

Senator WILLIAMS. Could you give us a further breakdown in connection with this chart which you furnished, to identify them by A, B, C, D, E, where you could show us the amount, how long they did stay in this country, and the amount of contributions, to see whether it was being abused by just the aged coming in?

Secretary FOLSOM. It would be very difficult to break that down. We might be able to get a few cases.

Senator WILLIAMS. Yes. I think you could get a few cases.

Secretary FOLSOM. Of course, it would vary all over the map.

Senator WILLIAMS. You gave us such a breakdown for a study affecting citizens in this country, and I think you could do it affecting citizens in these other countries, in order that the committee could determine whether there is an abuse of it.

Secretary FOLSOM. We could do that.

Senator WILLIAMS. And would you take some of these countries as an example, and give us a breakdown, because some of them run from 5 to 45 to 50 in the country, and break it down.

Secretary FOLSOM. We could give you a few cases for that and make an analysis for you.

Senator WILLIAMS. And you would be willing to make an analysis on that?

Secretary FOLSOM. Yes; we would be glad to do that, although it will perhaps take a little time to compile.

The CHAIRMAN. Senator Carlson?

Senator CARLSON. Mr. Secretary, I have been trying to resolve in my own mind about the disability insurance.

First, if Congress should approve this section in this bill, how much would the Federal, State, and local governments save, based on present expenditures for disability allowances, not insurance but expenditures; and secondly, how would the people benefit who are already on the rolls, how would they be benefited by transferring them to the social-security system, over and above the present system?

Now, last week I was visiting with Wilbur Cohen, whom I think most of the members of this committee know, and you do. He was counsel for the Social Security Administration, and he is a professor of social welfare at the University of Michigan.

He gave me these figures: That total expenditures, Federal, State, and local, from general revenues for disabled persons on the assistance rolls, is estimated at $433 million in 1955. About $147 million of this is accounted for under the disability assistance program, title XVI, of the Social Security Act; $113 million under the aid to dependent children, title IV; $69 million under the aid to the blind, title X; and $104 million under general assistance, not financed with Federal funds.

Now, this amount—this is his statement, now:

> This amount has been steadily increasing, and it is reasonably certain will continue to increase due to the increase in the population and the aging of our population.

Continuing his statement now:

> It is estimated that the immediate effect of the enactment of total disability insurance benefits at the age of 50 as provided in H. R. 7225 would result in a total savings of about $20 million annually, of which the Federal share would be $8 million.

Now, taking his figures as he has given them to me, of a total cost of $433 million in 1955, through Federal, State, and local agencies, is it reasonable to assume if we adopt these provisions that the Federal Government would save $8 million and the states probably $12 million under the new proposal, by transferring these people, as I understand it, from one program to another?

Is the reason that is such a small amount because of the eligibility requirement we have in this bill?

Secretary FOLSOM. But also because many of these people have not established any credits under OASI.

Senator CARLSON. In other words, it affects eligibility.

Secretary FOLSOM. They have not worked sufficiently under OASI.

Senator CARLSON. In other words, many people who write me about this program would not benefit materially under this legislation, even if we approved it as it is now written?

Secretary FOLSOM. Of course, I don't know who you have been in contact with, but I know there are a lot of people who have hopes of coming in who would probably not qualify.

Senator CARLSON. Well, I am certain that is the case.

Are these figures correct, in your opinion?

Secretary FOLSOM. Well, I haven't seen that last estimate of 8 and 12 million, but Mr. Cohen has—I have confidence in him, he is a very able person. I would have to check them with my own people.

I imagine he got them from my people. He just left a short while ago, and we have him still as a consultant, so I would not question his figures.

Senator CARLSON. This is very important, from my standpoint, at least, because we have hundreds of thousands of people in this Nation who think all they need to do is transfer them to a Federal system and they would get greater benefits; when, as a matter of fact, there would be less than 3 or 4 percent who could possibly receive benefits under this legislation.

I would appreciate it very much if you would check these figures.

Secretary FOLSOM. I would be very glad to, because I am sure it is all right.

(Pursuant to this question, Assistant Secretary Roswell B. Perkins subsequently advised the committee as follows:)

During the hearing Senator Carlson inquired about some figures on the public assistance costs attributable to disability and the savings in total assistance funds and Federal funds that might result from disability benefits provided at age 50 under the old-age and survivors insurance program. The latest estimates indicate that a somewhat larger total than Mr. Cohen had, approximately $550 million annually, is attributable to disability (not in all instances total) under the federally aided assistance programs and general assistance. The latest estimate of savings from disability benefits is slightly lower than Mr. Cohen's figure, about $18 million instead of $20 million, with the estimated saving in Federal funds amounting to about $8 million annually, the same figure that Mr. Cohen had from an earlier estimate.

Senator BENNETT. Mr. Chairman, I would like to pursue the same question from a slightly different point of view.

Is it not true, Mr. Secretary, that people who are totally disabled and without adequate personal funds to take care of themselves can now get a reasonable amount of assistance?

Secretary FOLSOM. That is true.

Senator BENNETT. Is it not also true——

Senator LONG. If I might just interrupt there for a moment.

I know the Secretary wants to be accurate. He mentioned some States have a plan. But is it not correct that some States have no plan at all, Mr. Secretary?

Secretary FOLSOM. Yes; I think there are a few States that do not have. But it is available, the Federal funds are available. The States have not adopted it.

Senator BENNETT. Going on with my questioning, is it not also true that the amount of help they get is based on a determination by the State welfare organization, and its agents, of their needs?

Secretary FOLSOM. Yes; that is true.

Senator BENNETT. Is it not also true that in determining the amount of money which these people would get under such a program, they take into consideration the amount of private income that they may have, and all that is supplied by matched State and Federal funds is the additional amount to meet the need, over and above their other income?

Now, is it not also true that if they came under OASI, the income they would get from this assistance program would be reduced, because the OASI funds would be considered as private income, which would be taken into consideration in the calculation?

Secretary FOLSOM. Yes, sir.

Senator BENNETT. So, the net effect of it in most cases, I would believe, would be that those who are now receiving assistance would get no increase in their assistance, because the need determination still exists, and the net effect would be to reduce the amount of money which would be supplied by the welfare agencies, approximately by the amount which would then come to them from OASI, because that would be deducted in determining the amount to be supplied by the welfare agency.

Secretary FOLSOM. Of course, that is true now in the case of old-age assistance, you see. The old-age assistance grants now, in many cases, are lower than they were because of the OASI benefits, and the States take into account what they are receiving in OASI in determining what they should get in old-age assistance.

Senator BENNETT. So we are determining a very important thing, I think, that in most cases the amount available to the individual will not increase.

In your answers to Senator Carlson, you have indicated the number of people who might get OASI help is comparatively small, because many of them have not qualified.

In my State of Utah, my information is that it is less than half, but I don't know how much less than half.

The only people who would benefit, as I see it, are the people who already have private income, so that the OASI added to their private income would take their total income above the amount estimated by the welfare agencies to be their need, so that they would then be taken off of welfare entirely, and they would be then living on their private income, which would include the OASI.

So is not the net effect of this bill, first, not to increase the benefits to individuals, but to shift the burden of providing those benefits to the OASI system, in part, and reduce the burden, first, to the Federal Government, as Senator Carlson has pointed out, and second, to the State.

The present burden, above the amount that they can supply for themselves, is being borne by the taxpayers out of the general funds of the Federal Government or the State. The effect of this, then, would be to shift part of that burden to the people who are being taxed, because they are in OASI.

Now, whether that is a desirable shift or an undesirable shift is a matter which can be argued about, but I think it is important that the committee understand that the net effect of the adoption of this program is not going to be to increase benefits to those people who are in need of public assistance, but generally, but its only real net effect

is to shift the burden of the cost; and instead of taxing all the taxpayers to supply those benefits, some of them at the State level and some of them at the national level, we are going to tax the people who make OASI contributions to supply those benefits, and we are going to increase their tax 25 percent.

That is one of the chief reasons, Mr. Chairman, why I feel that the American people have come to have a completely erroneous impression of this particular program, and with all the other weaknesses or difficulties or burdens that it would impose, the burden of determining who is disabled, and so on, and so on, that is one of the reasons why I feel that this would be a very unwise program at the present time.

It would aid nobody, but it would—its net effect would be to shift the burden.

That is all I have to say, Mr. Chairman.

The CHAIRMAN. Senator Long?

Senator LONG. Mr. Secretary, in regard to the point Senator Bennett made, is it not true in a great number of States, the average payment is about $35 for old-age and disability payments?

Secretary FOLSOM. I don't think I have the figures on the average, but——

Senator LONG. Well, more than half the States do not come up to $50. Now, that is correct; is it not?

Senator BENNETT. For disability?

Senator LONG. For average payment, either disability or old age. I believe that to be a correct statement.

Secretary FOLSOM. I thought I had the figures here, but I do not find them. I don't believe I have them.

Senator LONG. I can probably get them from my own office. I do not have my assistant here, but I will be glad to get them for the record.

As a matter of fact, I put those figures in the record for old-age, and in most States old-age parallels their disability program.

Now, if a person is making——

Senator BENNETT. Excuse me.

Senator LONG. I will be glad to get them for the record.

Senator BENNETT. The present people who receive old-age benefits under OASI are already receiving them, so our only problem is disability.

Senator LONG. Of course, it would be best to get them for the record, and I take it, Mr. Secretary, you can make available to us the actual average payments, and the maximum payments, which people receive from disability in the 42 States which have disability plans.

Secretary FOLSOM. I think I have it right here, as a matter of fact.

(The information is as follows:)

Aid to the permanently and totally disabled: Recipients and payments to recipients, by State, June 1955 [1]

[Includes vendor payments for medical care and cases receiving only such payments]

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	May 1955 in—		June 1954 in—	
				Number	Amount	Number	Amount
Total	236,840	$13,010,252	$54.93	+0.9	+0.9	+11.9	+14.8
Alabama	10,148	363,806	35.85	+2.6	+3.3	+16.7	+67.8
Arkansas	4,913	152,717	31.08	+1.3	+1.5	+52.1	+53.6
Colorado	4,957	282,976	57.09	+.1	+.1	+5.7	+6.9
Connecticut	1,923	206,004	107.13	+3.7	+2.3	+61.7	+70.1
Delaware	258	13,454	52.15	+18.9	+19.1	+104.8	+126.4
District of Columbia	2,205	133,453	60.52	+.5	+.9	+15.2	+29.2
Georgia	9,106	383,113	42.07	+2.7	+2.8	+24.2	+26.0
Hawaii	1,330	84,647	63.64	−1.3	+.1	+10.5	+28.4
Idaho	854	52,173	61.09	+1.2	+1.6	−.6	+1.4
Illinois	6,047	493,814	81.66	+.3	+.8	+6.4	+16.8
Kansas	3,437	234,470	68.22	+1.3	+.8	+8.3	+12.2
Louisiana	12,805	545,147	42.57	+1.9	+2.5	+5.7	+6.9
Maine	103	5,016	48.70	(2)	(2)		
Maryland	4,453	238,113	53.47	+1.4	+1.7	+6.0	+9.0
Massachusetts	10,349	1,038,562	100.35	+.9	+2.0	+9.3	+14.2
Michigan	2,297	165,033	71.85	+.8	+.6	+18.0	+22.2
Minnesota	698	38,267	54.82	+2.5	+.8	+103.5	+110.8
Mississippi	2,979	73,282	24.60	+3.7	+3.7	+9.4	+9.6
Missouri	14,154	734,720	51.91	+.4	+.4	−2.1	−2.2
Montana	1,450	92,289	63.65	−.3	−.6	+6.8	+8.3
New Hampshire	234	17,138	73.24	+.9	+1.3	+23.8	+30.1
New Jersey	3,301	265,263	80.36	+1.9	+2.7	+24.3	+29.8
New Mexico	1,685	52,587	31.21	−2.9	−3.0	−9.8	−28.7
New York	41,116	3,425,626	83.32	+.2	+.3	+7.7	+11.1
North Carolina	11,321	426,822	37.70	+1.9	+2.7	+22.8	+26.7
North Dakota	880	60,085	68.28	−.2	−2.0	+9.5	+12.8
Ohio [2]	8,343	415,659	49.82	+1.7	+1.5	+16.3	+16.8
Oklahoma	5,870	344,541	58.70	+1.8	+2.7	+19.6	+44.9
Oregon	3,301	247,253	74.90	+.5	+.5	+22.0	+19.7
Pennsylvania	13,043	697,109	53.45	+.4	−.8	+4.3	+13.1
Puerto Rico	19,304	166,185	8.61	+1.0	+1.2	+22.0	+25.2
Rhode Island	1,483	112,452	75.83	+.9	+1.8	+25.8	+30.1
South Carolina	7,817	248,044	31.73	(3)	+.1	+9.1	+7.3
South Dakota	689	31,918	46.33	+2.1	+1.8	+23.3	+25.8
Tennessee	1,471	58,673	39.89	+.3	+.2	+28.0	+29.3
Utah	1,794	116,168	64.75	+.5	+.7	+5.3	+6.4
Vermont	447	22,216	49.70	−2.4	−2.4	+31.5	+35.3
Virgin Islands	104	2,004	19.27	−1.0	−1.8	(4)	(4)
Virginia	4,679	181,805	38.86	(3)	−.7	+5.2	+9.4
Washington	5,389	391,910	72.72	−.9	−.7	−4.3	−1.5
West Virginia	8,510	265,905	31.25	+.5	+.1	+18.3	+4.7
Wisconsin	1,133	102,041	90.06	−.6	−4.6	+2.5	+3.7
Wyoming	460	27,792	60.42	−.4	(5)	+5.5	+7.5

[1] For definition of terms see the Bulletin, January 1953, p. 16. All data subject to revision.
[2] In addition to these payments from aid to the permanently and totally disabled funds, supplemental payments of $49.017 from general assistance funds were made to 2,021 recipients.
[3] Increase of less than 0.05 percent.
[4] Percentage change not computed on base of less than 100 recipients.
[5] Decrease of less than 0.05 percent.

Aid to the permanently and totally disabled: Payments in relation to State maximum in States with maximums, September 1955

[Includes vendor payments for medical care]

State	Usual maximum per month for 1 recipient	Percent of payments		Exceptions to usual maximum
		At usual maximum	Above usual maximum	
Alabama	$55.00	8.9	0.8	Payment may exceed $55 to provide care in licensed nursing homes and other special needs.
Arkansas	35.00	46.1	----	
Colorado	85.00	12.4	----	
District of Columbia	200.00	----	----	Payment may exceed $200 for contingent items.
Florida	55.00	49.0	----	
Georgia	55.00	22.5	----	
Illinois [1]	110.00	8.1	5 2	Payment may exceed maximum to provide vendor payment for medical care for cases receiving only such payments
Louisiana	[2] 44.00	20.4	24.5	$95 maximum to provide nursing care or special medical care; payment may exceed maximum to provide vendor payment for medical care.
Maine [1]	61.00	60.1	----	
Maryland	175.00	----	----	
Michigan	[3] 70.00	20.5	[4] 40.7	$80 maximum for recipients in hospitals or convalescent homes.
Minnesota	65.00	51.4	----	
Mississippi	25.00	93.2	----	
Missouri	55.00	78.2	----	
New Hampshire [1]	80.00	17 2	28 0	Payment may exceed maximum to provide care in nursing homes, convalescent homes, or county hospitals; nursing care in own home; restaurant meals; or special diets.
New Mexico [1]	[5] 55 50	.4	6 3	$65 maximum to provide boarding home care.
North Carolina [1]	[5] 54.64	15.4	----	
Ohio	55.00	64.3	----	
Oklahoma	125.00	.1	----	
South Carolina	35 00	57 0	----	
South Dakota	55.00	46.6	----	
Tennessee	50.00	36.9	----	
Utah	[6] 68.00	18.7	24.1	Payment may exceed maximums for hardship cases; higher maximum specified for medicine, restaurant meals, nursing home care, and board and room.
Vermont	55.00	63.2	----	
Washington [1]	292.50	----	(7)	Payment may exceed maximum to prevent undue hardship.
West Virginia	55.00	6.6	----	
Wisconsin	80.00	48.9	----	
Wyoming	75.00	29.4	----	

[1] Maximum and pereents shown are for usual maximum plus a specified amount for payment into pooled fund for medical care as follows: Illinois, $74 plus $36; Maine, $55 plus $6; New Hampshire, $60 plus $20; New Mexico, $52 plus $3.50; North Carolina, $54 plus $0.64; Washington, $275 plus $17.50.
[2] Maximum ranges from $24 to $60, depending on the number of persons in the assistance group and other public assistance in the household.
[3] In Wayne County, unlimited supplementation is allowed.
[4] Includes recipients in hospitals and convalescent homes and recipients in Wayne County who received payments in excess of State maximum.
[5] $71 maximum if needs of a person essential to well-being of recipient are included.
[6] Maximums for cases including 2 to 8 or more persons as follows: $115, $136, $154, $171.50, $189, $207, $209.
[7] Less than 0.05 percent.

The average for the country as a whole, aid to permanently and totally disabled, the United States average is $54.93.

Senator LONG. Can you tell us how many States have an average of $35 or less?

Secretary FOLSOM. Well, we have—there are only 5 States, and you have got Puerto Rico and the Virgin Islands besides, less than $35.

Senator LONG. You say there are 5 States which have an average of less than $35?

Secretary FOLSOM. Yes, sir.

Senator LONG. And the national average is $54?

Secretary FOLSOM. Yes; or nearly $55.

Senator LONG. If a man were making $300 per month income, and he were disabled, under the provisions of this bill he would be entitled to draw around $100 a month; would he not?

Secretary FOLSOM. If he had——

Senator LONG. If H. R. 7225 were enacted. So that furthermore, if that man had been—if he had a wife, he would be entitled to draw an additional amount; would he not?

Secretary FOLSOM. No; not under this bill, for disability. No. That is just——

Senator BENNETT. Not under disability?

Secretary FOLSOM. No: primary benefit, and no additional benefit.

Senator LONG. No additional benefit. He would be able to draw about $100, as against an average, of public welfare, of the sum of $54.

In addition to that, if this man making $300 a month had been the sort of person who tries to save and put away for a rainy day and had a little bank account setting up there, he would not be entitled to draw that $54 under a public welfare program; would he?

Secretary FOLSOM. No.

Senator LONG. Most States do not let them draw that when they have cash reserves on hand.

If he had taken out an insurance policy which had a cash surrender value, perhaps for the education of his child, or something of that sort, most of these States would not permit him to draw that disability benefit; would they?

Secretary FOLSOM. That is right.

Senator LONG. So actually, when we go to look at what the need of a person is when they are disabled, many of these State plans are such that. to all intents and purposes, certainly, those workers who are making about the average payroll payment of about $300 a month would on the average get only about half as much benefit under a public welfare plan as they would under the proposal here of H. R. 7225: is that not correct?

Secretary FOLSOM. Yes. But, of course, it would vary quite widely, and it is true that, though, the people who are on assistance programs, as Senator Bennett pointed out, when the State agency considers that case again as to how much they are entitled to assistance, they have to take into account what they receive under the OASI benefits.

Senator LONG. Oh, yes, that is correct: I completely agree with you that this program would say that a totally and permanently disabled person would not be a public welfare client, and he would not be entitled to any public welfare payments.

Secretary FOLSOM. Of course, he might be, depending on whether—in some cases, just like we have an OASI, they are receiving old-age assistance on top of OASI.

Senator LONG. Yes. And, of course, the Secretary knows I would like to do something about that. I am sure you are familiar with that study where I have urged we ought to advance the minimum payments to $50 or perhaps $60, to try to wipe out the need for a person who is receiving old-age and survivors insurance payments, to apply for public welfare assistance.

Secretary FOLSOM. If I may comment on that for a minute, the trouble with that program is, we have so many people among those who qualify for the minimum benefits who work a short time, have been in covered employment a very short time and made very little contribution. It is awfully hard to increase your minimum benefit without giving those people much more of a windfall than they are already getting..

But then, if you are going to do anything about the minimum, we ought to confine it to people who have had a long attachment to the market, who have contributed over a long period of time. Otherwise, you are going to be giving an awful lot of windfalls.

Senator LONG. Well, some of us would like to see the social-security program liberalized to a degree that, in the long run, there would be very, very little need for the average workingman to have to be a client of public welfare.

In other words, a lot of us would like to eliminate this hat-in-hand business.

Secretary FOLSOM. I certainly would agree with you on that, and we are trying to do that; and if we had universal coverage in OASI, we would be a long ways along with it.

Senator BENNETT. Would the Senator yield for a request to put in further figures in the record?

He requested the five lowest States. Could we have the five highest States?

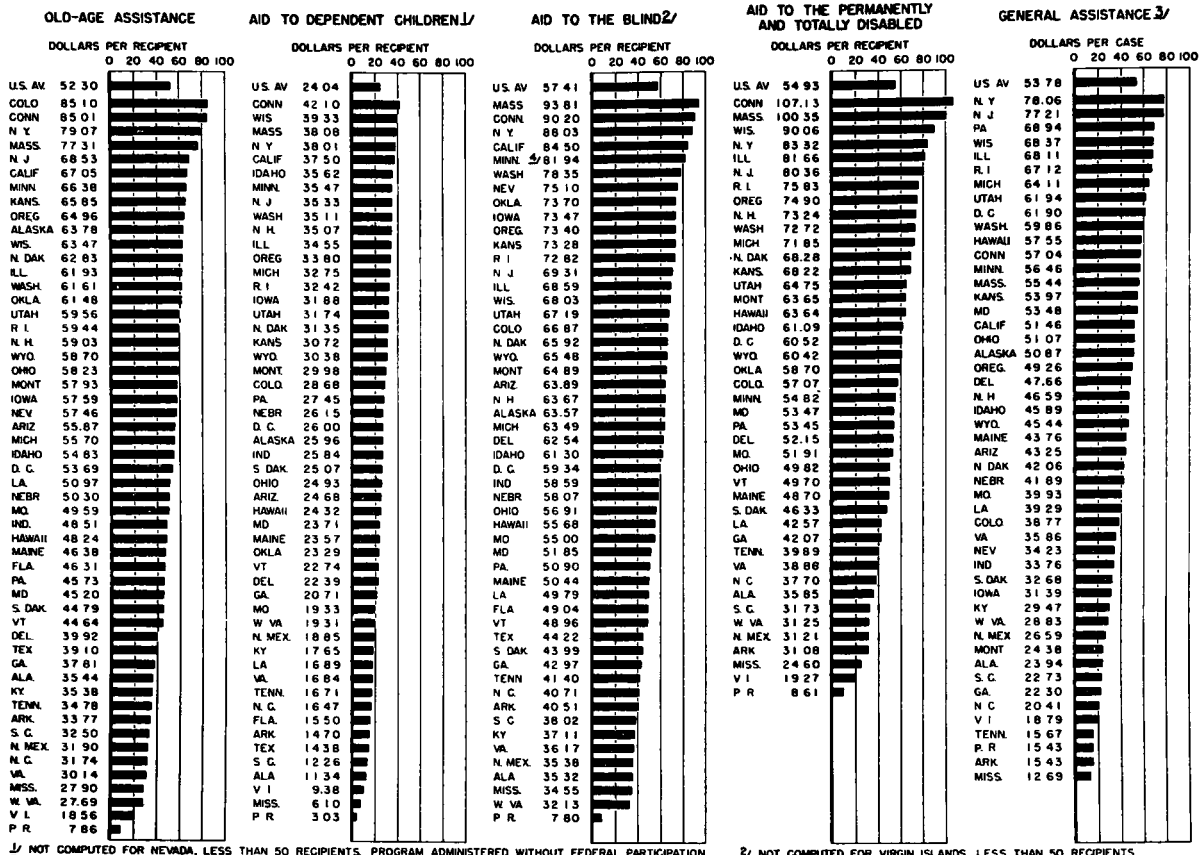
Secretary FOLSOM. We have the highest State at $107; and the next one is $100; and we have it at $90, $83, $81, $80—in fact, we have; the average is just about $55; $54.93. And I will give you the whole table here.

Senator LONG. Would you put the entire table in the record?

(The table referred to is as follows:)

PUBLIC ASSISTANCE: AVERAGE MONTHLY PAYMENT, JUNE 1955

(EXCEPT FOR GENERAL ASSISTANCE, INCLUDES VENDOR PAYMENTS FOR MEDICAL CARE)



1/ NOT COMPUTED FOR NEVADA, LESS THAN 50 RECIPIENTS. PROGRAM ADMINISTERED WITHOUT FEDERAL PARTICIPATION
3/ NOT COMPUTED FOR FLORIDA, TEXAS, AND VERMONT (DATA ESTIMATED) NOR FOR OKLAHOMA (DATA NOT AVAILABLE)

2/ NOT COMPUTED FOR VIRGIN ISLANDS, LESS THAN 50 RECIPIENTS
3/ REPRESENTS DATA FOR MAY, DATA FOR JUNE NOT COMPARABLE

Senator MILLIKIN. Can you give the names?

Secretary FOLSOM. The highest is Connecticut; Massachusetts is $100; New York is $83.32; Illinois is $81.66.

If you go down to the lower end of the scale, Mississippi is $24.60; Arkansas, $31.08; New Mexico, $31.21; West Virginia, $31.25; South Carolina, $31.73.

Let's see if I can find Louisiana here.

Louisiana is $42.57. Colorado is $57.09.

Senator BENNETT. Utah?

Secretary FOLSOM. Utah is $64.75.

Virginia is $38.86.

Senator LONG. Now, Mr. Secretary, generally speaking, I believe you do agree with the principle that it is preferable that a person would make his own payments and be entitled to expect to be protected from many of the hazards and risks of life as a matter of right rather than—on insurance principles—rather than on public relief.

Secretary FOLSOM. Yes, sir.

Senator LONG. I wonder if you would agree with a point I have made from time to time, and that is that whether a person is covered by social security or not, he does tend to make a contribution to the social-security fund, inasmuch as the employer contribution, for example, is certainly passed along in the cast of his product.

In other words, General Motors, or some corporation, pays a lot of social-security contributions, but they add that to the cost of their product, and so does their competitor, and that goes into determining the final price to the consumer; and in many instances it tends to be an indirect sales tax or an indirect transactions tax.

Do you agree with that?

Secretary FOLSOM. Some of it is bound to be in the costs; there is no question about that.

Senator LONG. Of course, that argues in favor of universal coverage, inasmuch as in many respects the consumer is the one who actually feels the final impact of these social-security taxes.

Senator BENNETT. Will the Senator yield for a comment, again?

Senator LONG. Might I get an answer for the record, first?

Senator BENNETT. Yes; after the answer.

Secretary FOLSOM. Of course, I would not say it is all passed on, but eventually the consumer pays part of it.

Senator LONG. Part of it does. That is true so far as the laboring man is concerned. Generally he is concerned with what he makes rather than——

Secretary FOLSOM. On the other hand, I might point out if we did not have this contributory insurance program, you would have the old-age assistance, which would be financed out of general revenues so far as the Federal Government is concerned, and other tax revenues so far as the States are concerned, so the consumer would be paying it that way instead of the other way.

And that is one of the strongest arguments that I had in the early days on the old-age insurance plan, that you are going to have to take care of the old people anyhow, some way or other, if they haven't enought to live on, and this is a much better approach to it than the assistance program.

Senator LONG. Let me ask you this question: Based on your study and calculations——

Senator BENNETT. Was the Senator going to let me get in there after he finished that other question?

Senator LONG. Go ahead.

Senator BENNETT. The Secretary has already answered the question I had intended to ask.

That is true of all taxes, so that the man who receives old-age assistance has, in effect, paid part of the cost of his old-age assistance, to the extent that his purchases have involved an increase in price due to the taxes.

Secretary FOLSOM. Yes.

Senator LONG. Now, I have from time to time tried to understand just what is the proposal of this insurance feature, insofar as accumulating this large fund is concerned.

I understand that you presently have a trust fund of around $25 billion.

Secretary FOLSOM. Not quite; $21 billion. I will give you the exact figures on that.

Senator LONG. A general answer is all right for my purposes; $21 billion.

Secretary FOLSOM. A little over $21 billion.

Senator LONG. I am further informed that our accrued liabilities are already in excess of $200 billion, that is, the liabilities under the fund which we have accepted insurance for.

Secretary FOLSOM. I would like to explain why, in my statement, I said——

Senator LONG. Can you, for me, on that subject? You know more about it than I do.

Secretary FOLSOM (continuing). Why I said the system was in good financial shape, and approximate actuarial balance.

By that I mean if we take the benefits which we now have in the law, and figure those out, now and in the future, they will give you what we call an average, a level premium. What you get is a level premium, how much money would be required as a percentage of payroll, and that figure is 7.45——

The CHAIRMAN. Does that take into consideration the proposed increase?

Secretary FOLSOM. No. Taking into account the benefits we now have.

And you project those into the future, and you would end up—it would require 7.45 percent of the covered payroll to take care of those benefits, from now on, on the average, a level premium.

Senator LONG. Is that assuming——

Secretary FOLSOM. You take the taxes——

Senator LONG. Is that assuming, Mr. Secretary, that you would not attempt to increase the size of the fund itself?

Secretary FOLSOM. No. Wait, I will get at that later on.

Senator LONG. All right.

Secretary FOLSOM. Well, now, on the tax schedule which we now have, to increase in 1960 to 2½, and 5 years later to 3, and then 3½, and eventually get to 4, your income over this long period of time would average 7.29 percent of payroll, so you have got them pretty close in balance.

The CHAIRMAN. The solvency of the fund is dependent on an increase in taxes?

Secretary FOLSOM. Yes.

Now, this fund is increasing now at the rate—for instance, we had, at the beginning of this fiscal year, the fund amounted to $21 billion; and we expect the collections in this fiscal year to be $6.5 billion, and the disbursements about $5.5 billion, and you have got interest of about $496 million, so you are going to have $22.7 billion at the end of fiscal year 1956.

But the benefit payments are going to increase in the next 3 or 4 years faster than the taxes. We expect that the payments under the plan will just about match the receipts in 1959–60, and at that time the tax rate goes up a half of 1 percent, and then you get a further accumulation of the fund during the first few years after that tax increase.

And then the lines would go close together again, and then you would have another increase.

Now, the reason you do not have to have this big reserve fund which you talk of, in order to meet this, is that, compared with insurance companies—if an insurance company had this obligation you would have to pay them so much a year to meet this cost, and they could not depend on your continuing to pay or on your increasing your payment 5 years from now or 10 years from now or 15 years from now.

Under the Government plan, since we can be pretty sure that the Congress is not going to renege on those tax increases in the future, that the money is going to be coming in from these increases in taxes, and if we get tax increases as scheduled, then the receipts will be sufficient to meet these costs over the long pull.

On the other hand, if the assumptions underlying the cost estimates are borne out and you do not increase the taxes when they are scheduled, why, then you will be running a deficit and you will have to take it out of general revenues or someplace else, say, sales taxes.

The CHAIRMAN. Do I understand you propose to continue this fund at the rate of $21 billion?

Secretary FOLSOM. Well, it will vary.

The CHAIRMAN. Is there any period that you pay out more than you take in, after you increase the taxes which are now proposed?

Secretary FOLSOM. No—at least not for a long time, under the intermediate cost estimates. We think eventually the fund will reach—I have not seen the latest estimates—but it probably will be somewhere around, it might eventually get up to around $100 billion at the end of the century, and perhaps $35 billion between 1965 and 1970; but it would be a gradual increase. It would be an increase in the next 2 or 3 years, and then increase again.

The CHAIRMAN. At any foreseeable point in the future, will it be less than the $21 billion?

Secretary FOLSOM. Not under the intermediate cost estimates.

Now, if you run across a period of unemployment, recession, at that time your receipts would go down, and your disbursements would go up, because more people would retire. At that time you might have to draw on this fund.

The CHAIRMAN. You say at some period it will go up to $35 billion. As you have presently calculated, will the fund be less than it is now?

Secretary FOLSOM. No, we don't foresee any decline below the current level, not in the foreseeable future anyhow.

I wanted to make the point, though, that you can have a system which is sound financially, on this basis, for the Government, which would not be sound for an insurance company, because an insurance company cannot count on additional money coming in.

The CHAIRMAN. Mr. Secretary, I am forced to meet another engagement, and I want to thank you for a very clear statement.

Senator Long will take over.

Senator LONG (presiding). Mr. Secretary, I had gained the impression from Mrs. Hobby's testimony a year or two ago, that she anticipated that the present program should lead to an eventual increase in the fund, somewhere around the turn of the century, to some $200 billion, or some such amount.

Have you seen any studies to that effect?

Secretary FOLSOM. No; I have not seen any recent studies that lead to such a high figure, but I don't think it is going to reach anything like that.

Senator LONG. In other words, you feel that around 35 to 40 billion dollars will be the extent of it?

Secretary FOLSOM. Yes; by 1965 to 1970, perhaps $100 billion 50 years from now.

Senator LONG. Now, the actual liabilities under the fund will, of course, run in excess of $200 billion.

Secretary FOLSOM. If you want to capitalize those liabilities right now, you would have to have that; but what I am saying is if you get this tax increase coming in, as we expect to, you are getting 8 percent of payroll coming in; that is an awful lot of money coming in. That, plus interest, has got to be enough to take care of your outgo for the current year.

So there is no use in funding that liability now, if you can depend on getting these tax increases, and the Government can always——

Senator LONG. Frankly, I agree with you. I have never seen the purpose of the Federal Government trying to fund its social-security liability, any more than it would accomplish a purpose to set aside a two- or three-hundred-billion-dollar fund to fund our obligations to World War II veterans.

Secretary FOLSOM. That is right. The only thing, in 1934 or 1935, when I first came down here, we needed a reserve fund for a contingency reserve to take care of situations.

Now the fund has built up much faster than any one of us expected it to, for the simple reason the payrolls have increased. They have much higher payrolls and pay rates, and payrolls have gone up, and people have not retired as early as expected and they kept on the job longer.

That meant the fund has been building up faster.

Now, it is a good thing we have that reserve fund. We are getting almost $500 million interest on it.

Senator LONG. As long as we are in position to collect as much in payments, as contributions to the fund, as we are paying out, need we have any fear of the fund going bankrupt or anything like that?

Secretary FOLSOM. No. As I said, I think we are in balance now, and it is in very good shape, on the assumption we are going to increase taxes. If you don't increase taxes as scheduled, or if you add benefits, if you increase the benefits without increasing the tax, then you get into trouble.

Or if you increase the benefits on the assumption they are going to cost so much, and you find they are costing much more than you expected, if at that time you don't increase taxes, you are going to get into trouble.

Senator LONG. Let me ask you this: The fund for this year——

Secretary FOLSOM. That is why I think you ought to have it checked, and I think the provision is very good to have an advisory council check this thing every time a tax increase is scheduled to go into effect to see whether it is sufficient or what is the status of the fund at that time.

Senator LONG. My impression is at this time the receipts of the fund will exceed the payments by $1.5 billion.

Secretary FOLSOM. Yes. That is for the current fiscal year. The figures I gave you are very close to that.

Senator LONG. Do you see any reason why, if the payments under the fund are increased by five or six hundred million dollars, that we should increase the taxes at this time, in view of the fact that our receipts will still be more than a billion dollars more than our payments?

Secretary FOLSOM. Well, that is just the trouble, you see. If you increase your benefits now, you are building up this liability for not only now, but a long time in the future, and you are just kidding yourself if you think you can pay an increase in benefits without increasing the taxes.

Senator LONG. I completely agree with you——

Secretary FOLSOM. You can take it out of the fund, all right, but it would cut—what it would do, it would increase your deficit right away, and would make your fund out of balance again, and we have taken all this time to try to get it into balance.

Senator LONG. As long as the income of your fund exceeds the payment from the fund, the fund will be increased. That is axiomatic.

Secretary FOLSOM. Yes, but you have to look ahead to the future as to what will happen.

Senator LONG. Of course, one point which occurs to me is that historically we have taken in around $46 billion in this fund, and paid out around $25 billion.

Secretary FOLSOM. Yes.

Senator LONG. All during these depression days, we had a minimum payment of around $10 for assistance, under this fund.

The benefits could have been more liberal than they were if they had not wanted to continue to build up the fund. And steadily, we have been taking out of circulation a substantial amount of money which could have been made available for benefits.

Now, it seems to me that your thinking is along the line that there is no use of continuing to do that where you are taking out far more than you are putting back in circulation.

Secretary FOLSOM. I think we are reaching a point, where we will be pretty nearly on a pay-as-you-go basis for a time, because the taxes now will not increase until 1960, and yet, the benefits are going to increase because of the changes which were made in 1954.

We have not yet gotten the full effect of that, and the benefit line is going up much faster than the collection line, so the lines may cross sometime around 1959 and that year you would be on a pay-as-you-go basis.

Senator LONG. In 1960, you think?

Secretary FOLSOM. Somewhere along that, and that is where the scheduled increase in taxes is going to take place.

Senator LONG. Do you have any objection to the pay-as-you-go principle?

Secretary FOLSOM. No. In fact, I have been arguing—of course, depending on what you mean by pay-as-you-go.

Senator LONG. I mean you pay out as much as you take in, year by year. Then you are not in danger.

Secretary FOLSOM. I would say right now I don't want to go on a pay-as-you-go basis, but I think we are gradually approaching the time when we can get closer to a pay-as-you-go basis.

Senator LONG. Is it not a fact, for your arguing on a pay-as-you-go system, that all of our predictions and all our trend has shown we are more productive, and we will be in a better position to make payments to aged 20 years from now than we are at this time?

Therefore, why should we accumulate the fund to tremendous proportions now, when 20 years later, when some of those obligations occur, we will be in better position to pay them?

Secretary FOLSOM. I am not arguing with you at that point, but I am saying that in the system we are in now we are in balance. But you have got to take into account, every time we increase benefits, what the costs are going to be in future years, and whether the taxes at that time, whether your 8 percent will be enough to take care of it.

Senator LONG. Yes. Now, Mr. Secretary, I understand that a report has been prepared over in your Department, and perhaps someone might have it here, with regard to an amendment which I introduced along with about 50 other Senators, which relates to an increase in the matching formula for public welfare payments.

Secretary FOLSOM. Yes. We just sent the letter down to Senator Byrd this morning, and you will have a copy today probably. (See p. 1322.) Of course, I might say——

Senator LONG. Would you check to see if someone in this room might have a copy of that?

Secretary FOLSOM. Have you got——

Senator LONG. Could we have a copy of it?

Secretary FOLSOM. I might say we take a position against it, because if you go back to this old-age assistance program, you will recall it started in on the basis of the Federal Government putting in 50 percent and the States 50 percent, with the Federal participation limited by a $15 maximum.

Well, now, over the years we have greatly increased the percentage of the Federal participation, especially in the lower amounts. Now it is 80 percent of the first $25. And according to your amendment, it would be five-sixths of the first $30.

More and more people are getting OASI benefits, and so this will mean, in many cases, that the Federal Government will be paying five-sixths of the benefit, of the grant.

We think it is bad. One of the features of the old-age assistance program which appealed to us in the early days was that with the heavy participation of the local government in the costs, you would get better administration. If you have to shift a greater load to the Federal Government, you are liable not to have as good adminis-

tration, and they will say, "Well, we will put them on, because the Federal Government is paying a good part of the cost of them."

Senator LONG. I have a provision in the latest draft of that amendment, and I believe it can be improved somewhat yet, that I call a "pass along" provision. Under it, the State would be required to continue the average contribution that it had made before. In other words, this would not be a matter of shifting the burden to the Federal Government from the State, but is calculated to assure that the benefit would be to the needy people of this Nation. Do you find some appeal in that principle?

Secretary FOLSOM. Yes. But, on the other hand, you must realize this amendment of yours would cost $185 million, and if you adopt it for old-age assistance, then would you not have—then the question immediately arises whether you should not also apply it to other assistance programs.

And, if you did, then the cost would go up to $300 million.

Senator LONG. If you just applied it to the aged and the disabled. the aged, the disabled, and the blind, how much would that increase it?

Secretary FOLSOM. Wel, let's see. The aged is $185 million, and the total is $300 million.

Senator LONG. Can you give me the cost of the disabled and the blind?

Secretary FOLSOM. It might be covered in that letter there.

Senator LONG. My recollection is, for the disabled and the blind, together, it costs about $20 million more.

Secretary FOLSOM. If it is not in that report there, I can get it for you, the splitup.

Senator LONG. It would seem to me that this should also apply to disabled and the blind, and that would increase the costs by $20 million, if you included the disabled and the blind.

But it seems to me fair, and I believe that the majority of the Senate feels this way, and if it gets the opportunity to vote on it, the majority of the House will feel this way, that we have, during this last several years, attempted to benefit every class of the American economy except those on our public-welfare rolls.

We have given away some surplus food commodities, but it can be argued that was because you had them on hand, and you might as well give them to the aged as anyone else.

Now, on the other hand, under social security you had a windfall 2 years ago of anywhere between $5 to $13 per recipient for those who already were receiving benefits.

You had tax reductions—I believe General Motors Corp. alone had tax relief which would amount to almost twice as much as this amendment would cost for all the aged, needy, and blind people in the land.

And if we can afford a $4.8 billion foreign-aid program, would it not seem logical to you that we should be able to do a little something in addition for the aged and the disabled and the blind people of this land?

Secretary FOLSOM. Of course, we have. The average grant has certainly gone up in the last few years.

The average grant, and the Federal share of that grant, has gone up. In fact, the percentage of the Federal proportion has gone up considerably. So you take the amount——

Senator LONG. Of course, that was not recommended by your Department; was it?

Secretary FOLSOM. What is that?

Senator LONG. That was done by Congress without any support from your Department.

Secretary FOLSOM. No. But under the matching formula, though, which you have, the grants have gradually gone up and, of course, this percentage——

Senator LONG. My study indicates that the States have increased their payments by about $8 million since the McFarland amendment was adopted, back in 1951. I believe it was 1951 that it was adopted.

But, on the other hand, the increase in payments to the needy, aged persons, disabled, and blind, have been almost entirely the result of increased Federal matching.

Secretary FOLSOM. What we are trying to do is get OASI coverage so the people do not need to depend on assistance, and it is becoming stabilized so there is very little income—the payments have gone up, but it is mainly because of increased payments per recipient.

Now, we would like——

Senator LONG. How do you justify this, Mr. Secretary, how do you reconcile this inconsistency. Two years ago Mrs. Hobby came in here, and she asked us to raise the minimum of the social security anywhere from $5 to $13 for those persons who were presently receiving old-age and survivors insurance payments. Those are not needy people, and those are people who make no further contribution to the fund.

If we are going to have a $5 to $13 windfall to people who are already drawing benefits, without any additional contribution on their part and no showing of need whatever, how can your Department turn back around and recommend doing nothing for those who are truly needy?

Secretary FOLSOM. Well, sir, we are already doing it, though.

Senator LONG. You are recommending it, all right, but why?

Secretary FOLSOM. What you are suggesting is that the Federal Government ought to increase its share. We are saying, or I am going on the principle—you remember, we had a Commission on Intergovernmental Relations here once, on which we had several governors and Senators and Congressmen and some people, four of us, from the executive departments, and others.

One of their recommendations was—and they studied this formula thing—they took a position against any increase in the Federal share, because they thought we ought to gradually reach the time at which a greater share of this assistance load should be carried by the States.

And this is just a move in the wrong direction.

Senator LONG. It is difficult for me to reconcile the position of your Department. Insofar as the rest of them are concerned, we have had $7 billion of tax reduction. Most of that went to those in the upper income brackets, as well as corporations.

Here we can help every foreign nation on the face of the earth. You increase social-security benefits to those who are not needy and are making no additional contribution. They are entitled to a windfall.

We are perfectly willing to sit here and vote to raise all the Federal employees' pay.

And then we turn back around and say, "Well, now, here are the needy," and when one wants to benefit them in the amount of an additional $5 by increasing the Federal matching, "No, we can't go with that. That would cost $200 million."

Secretary FOLSOM. Of course, we think——

Senator LONG. You do not have any real strenuous objection to this, do you? [Laughter.]

Secretary FOLSOM. I have objected from the very beginning to the proportion being more than 50–50, because when you get the Federal Government paying such a high percentage of this—and while it is five-sixths of the first $30, you must remember in many cases, from now on, the people are going to be drawing these lower benefits, because they are getting OASI, and they are getting assistance on top of it.

If OASI is not enough to keep a family going, they give them old-age assistance, so there are going to be many of these benefits, many of these grants, in the smaller amounts, and the Federal Government is going to come around and pay five-sixths of it.

You know, you don't get good administration in the local government if the local government checks these things and says, "We are going to give them $30, because the Federal Government is going to pay $25 of it." You don't get as good administration as if you have it on a 50–50 basis.

Senator LONG. It seems to me the way a State takes care of their needy and aged people depends on the State's ability to raise funds. If I might make the comparison between Louisiana and Mississippi, without meaning to disparage Mississippi, Louisiana has a large amount of natural resources, which I think is very wisely taxed rather heavily to provide for its education system.

On the other hand, Missisippi does not have that possibility of raising revenues, and it is a much lower per capita income State; and you will find that Louisiana, with a higher per capita income, provides for about 3 times as many aged, needy people as does the State of Mississippi, and its average contribution is about 3 or 4 times as high as that of the State of Mississippi.

Now, I do not blame Missisippi or say that they do not want to provide for those people. But it is just the proposition that they have a very difficult time in raising money to provide for them.

If you liberalize the matching formula against the first $5 of State contribution, I believe that State would be very anxious to provide more liberally for their people.

Secretary FOLSOM. Of course, you see, the difficulty about administration of this thing is that we just have the fact that the law provides, and must provide, for needy people, and leaving it up to the States to decide what need is.

You have got a wide variation between States as to what the definition of "need" is, and some States are very liberal and some are strict.

Senator LONG. Here is another thing which concrns us, Mr. Secretary. You now want to hedge, and to reduce the Federal Government's liability for these payments which are made in addition to these little $30 minimum social security payments.

Secretary FOLSOM. No; we are not asking for any reduction. We just say, keep it where it is for present assistance recipients.

Senator LONG. Well, starting in the future.

Secretary FOLSOM. And you want to increase the Federal participation, and we say it is pretty high already when you have 80 percent of the first $25.

Senator LONG. Here we have a lot of people who were farmers and farm laborers, and whose wives are farmers. Every time they bought any manufactured commodity, the price for anything from an automobile to a dishpan included some of the employer's contribution to this fund, which was being passed on to them by the manufacturer, and they were therefore helping to pay that tax.

And the people who worked on those commodities, they have been contributing to the social-security fund indirectly when they bought the product.

Now, on the other hand, they were not covered by that kind of protection. They have to apply for public welfare assistance.

Then we find many people who are in low-income brackets who, because of this $30 minimum payment under social security, have to apply for additional assistance, inasmuch as they have no other income.

Now, in our State we have no objection to raising our own revenues to match Federal contributions to take care of these people, but we do object to your saying, "Now, wait a minute. We want to increase the State burden for these additional people that you take on."

After the first $30, as I understand it, you want to match it 50–50 instead of matching it $25 and $5.

Secretary FOLSOM. I say that was what I was originally for. I think we had a better system. I am not in favor of cutting it down from 50–50.

But I want to say, we are in favor of the McFarland amendment, and not increasing the Federal proportion, because we think that is high enough.

So I am not arguing to reduce it from 50 percent.

Senator LONG. But, on the other hand, Mr. Secretary, if you don't want us to make payments, that is, if you do not want the Federal Government to pick up the lion's share of the costs in providing for assistance for those who are receiving $30 minimum in social security, let's raise the minimum to $55; and then you come out twice as strongly against that.

Secretary FOLSOM. But that won't meet your problem, though, increasing the minimum. The reason I said that I do not want to increase the minimum across the board is because you will give it to some people who have been in the system only a very short time.

It is a different matter if you want to increase the minimum for people who have been working for a long time in covered employment, who have contributed over a long time. If you find people in a very low-income group, and you want to raise the minimum of those, that is a different story than increasing the minimum across the board for everybody.

Senator LONG. You feel you would have a different attitude toward those who have been in the system a long period of time?

Secretary FOLSOM. Yes, because until the system has been in effect a long time, you are bound to have these windfalls to people in it for a short time.

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Senator LONG. If you had to choose between the proposal to increase the matching and the proposal to put the food stamp into effect, which one would you take. [Laughter.]

Secretary FOLSOM. Well, of course, the food-stamp plan would cost a lot more money.

There is one thing you must realize. This plan, your amendment here, is going to be of much more help to the rich States than to the low-income States.

Senator LONG. Why do you say that?

Secretary FOLSOM. Well, just look at the table. Your own table shows that.

Senator LONG. I believe that you would find that States which are in the low-income group, almost all of them would receive an additional $5.

But would it not seem fair to you that a State which is, let us say, already providing a higher percentage of State funds, should be entitled to receive additional Federal matching for the aditional funds they put up?

In other words, suppose a State feels $55 is not enough for a person to get by on, they need about $65; would it not seem equitable and fair you should match those States up to $65, if they were going to put up their share?

Secretary FOLSOM. Of course, I agree with the Intergovernmenal Commission that we ought to gradually reach the point that as this burden of old-age assistance diminishes, the remaining portion can be increasingly absorbed by the States; that we ought to get more and more people covered in OASI.

Senator LONG. You cannot have it both ways. You have been complaining, on the one hand, that there might be some encouragement for States in low-income brackets to take more people on the rolls, if I understand you correctly, and hold their payments low.

On the other hand, when States make a high contribution, apparently you do not like that, either——

Secretary FOLSOM. No. The percentage——

Senator LONG. When they seek some additional matching.

Secretary FOLSOM. No. I think we ought to work toward providing basic maintenance through OASI and reflecting the savings by lessening hte Federal Government's participation in the old-age assistance field.

Senator LONG. Well, my impression has been——

Secretary FOLSOM. On the other hand, I would say, so far as the Department is concerned, our main emphasis right now is trying to do everything we can to take people off the assistance rolls, to give productive employment so they will not have to be on the assistance rolls, and we are making good progress.

We have a number of illustrations to show a number of these people on assistance rolls, being given this rehabilitation and guidance and assistance by professional people, can be taken off assistance rolls.

We have a case, for instance, I think it was out in Utah we had it, of people on the assistance rolls, children, because of desertion of the father. We took two groups:

One we gave the best advice, that is, Utah did. They took professional workers to work with one group, and just the ordinary routine for the other.

And they found in 6 months' time that the aid could be reduced 41 percent in the group which had professional advisers, because many of them found that they could, the families could, get advice to their family how they could get back into earning money so that they would not have to be dependent on relief.

The same has been true in some of these people on relief. We have had people in New York, say, when they had special studies like this, who have been on relief a long time, and by giving them special attention you could find, by giving them some advice or vocational training or rehabilitation, a little medical advice here and there, so that they could get back into production.

And that is our whole emphasis now in the Department, trying to get people off the relief rolls and getting them back into production. And in the meantime, there are a lot of people, of course, you cannot rehabilitate and you cannot get back to production, that we will have to take care of through these assistance rolls.

But we would say, keep it like it is, so far as the formula is concerned.

Senator LONG. Well, you are not going to have too much success in rehabilitating the aged.

Secretary FOLSOM. This would not apply to people over 65, I am sure of that.

Senator LONG. And you do have more and more of them reaching the age of 65. The percentage of the population in that age group has continued to increase.

Secretary FOLSOM. Yes. But more and more of those are being taken care of by OASI, and we are finding now that the old-age assistance rolls are gradually tapering off. It is not much, but it is not going up, anyhow.

Senator LONG. I believe what you will find is happening, Mr. Secretary, is not so much a reduction in the old-age assistance rolls as an increase in the OASI rolls.

In other words, year by year, as more people become 65, a tremendously higher percentage of those people are covered by old-age and survivors insurance.

Secretary FOLSOM. Sure. That is the reason for it, naturally.

Senator LONG. But it does seem to me that during the short run, although 20 years from now this situation may solve itself, it seems to me that we have an obligation toward those who are already here, those people who are not covered by social security or——

Secretary FOLSOM. We think the present formula is pretty generous, when the Federal Government takes care of 80 percent of the first $25.

Senator LONG. Are you really intimately familiar with the experiences of many people who are trying to live on $30 a month?

Secretary FOLSOM. No. But, of course, the Federal Government matches it beyond that point, you see. It is a 50–50 matching beyond the $25. So I am not just talking of limiting people to $25 or $30. That is just the first part of the formula.

Senator LONG. You say you are not really familiar with the experience of any person trying to live on $30 a month?

Secretary FOLSOM. Of course, I know you can't live on $30 a month, and we are not saying anything to indicate that, either.

Senator LONG. Thank you very much, Mr. Secretary.

Secretary FOLSOM. Thank you.

Senator LONG. This concludes the hearings on social security.

(By direction of the chairman, the following is made a part of the record:)

UNITED STATES SENATE.
COMMITTEE ON LABOR AND PUBLIC WELFARE,
March 6, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Enclosed are two amendments to the Social Security Act which are respectfully submitted to the attention of your committee.

The first is very simple. It would permit the States, if they wished to do so, to disregard earned income up to the amount of $50 per month in determining need for old-age assistance. Last year, the legislature of Illinois passed an act, which was signed by Governor Stratton, which authorized the Illinois Commission to disregard earned income up to $50 per month, in the event Federal law or regulations permit such exemption. This amendment would enable the act of the State of Illinois to go into effect.

It is surely desirable to leave in the law some incentive to older workers to earn as much of their livelihoods as possible—or, at least, to permit the States to do so if they believe it wise.

In view of the generally low levels of assistance payments, this provision will allow some incr ase in the meager living standards of recipients of such aid where they are willing to work for it.

The second amendment is more complex. It would permit an individual, either man or woman, to retire at any age from 60 to 72, receiving old age and survivors insurance benefits based on a percentage of the existing benefit at age 65; a smaller percentage if retirement took place prior to age 65; and a larger percentage if retirement took place after age 65.

This seems to me a fundamental improvement in the law which I hope the committee may study with great care.

I believe that this amendment would provide greater flexibility in the Social Security Act by permitting persons in poor health, but not totally and permanently disabled, to retire before reaching age 65 and, at the same time, it would encourage persons who are able and willing to do so, to work beyond the age of 65, by providing larger pensions upon later retirement.

There would be no increase in the total cost of the system to the Federal Government by the adoption of this amendment. The percentages of the benefits at age 65 provided in the amendment are based upon actuarial tables of life expectancy, as determined by the National Office of Vital Statistics and the Metropolitan Life Insurance Co. Each retired individual would receive approximately the same total amount of benefits as he or she would have received if retirement had taken place at age 65. In fact, there might be a small saving to the Government over the long run because I have drafted the amendment so that the percentages are based on even and identical increments for each year. This results in benefits that are at a slightly lower percentage at some ages than would be the case if the actuarial tables were followed exactly, but it obviously makes for simpler administration.

My amendment is drafted as an amendment to the Social Security Act as it now stands, and assumes a retirement age of 65 for both men and women. However, if the committee and the Senate see fit to adopt the House provision to lower the retirement age for women to 62, the amendment could be readily adapted to conform to that provision.

At the other side of the dividing line of age 65, it holds out a positive incentive to older persons to extend the period of their working life and postpone retirement. This, I believe, is good for the individual and of value to the Nation which strives for higher levels of production and standards of living.

I should be happy to appear before your committee if it desires and discuss the amendment more fully, explaining, if it is not wholly clear, the method used in determining the b nefits under the amendment.

I shall be grateful if both these matters may have your fullest consideration.

With kindest regards,

Sincerely,

PAUL H. DOUGLAS.

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENTS Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 5, beginning with line 22, strike out all over to and including line 4 on page 6 and insert in lieu thereof the following:

COORDINATION OF BENEFITS WITH AGE OF RETIREMENT

RETIREMENT AGE

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"RETIREMENT AGE

"(a) The term 'retirement age' means age sixty."

On page 7, beginning with line 4, strike out all down to and including line 22 and insert in lieu thereof the following:

"(A) an individual who attained age sixty prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty in 1956 or, if earlier, the year in which he died;

"(B) an individual shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any individual who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

An individual shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month."

On page 28, beginning with line 22, strike out all over to line 4 on page 29 and insert in lieu thereof the following:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 60, if he did not work for the employer in the period for which such payment is made, or".

On page 8, between lines 3 and 4, insert the following new subsections:

"REDUCTIONS AND INCREASES IN PRIMARY INSURANCE AMOUNTS

"(c) Section 202 ofthe Social Security Act is amended by adding at the end thereof the following new subsection:

" 'PRIMARY INSURANCE AMOUNT REDUCED OR INCREASED IN ACCORDANCE WITH AGE OF BENEFICIARY

"'(m) In computing the amount of the old-age insurance benefit, wife's insurance benefit, husband's insurance benefit, widow's insurance benefit, widower's insurance benefit, or parent's insurance benefit of any individual who is eligible therefor under subsections (a), (b), (c), (e), (f), and (h), respectively, the primary insurance amount on the basis of which such benefit is computed shall, inthe case of any individual who has not attained sixty-five years of age on the first day of the first month for which he is entitled to receive such benefit, be reduced by one-third of one per centum multiplied by the number of months, or portions thereof, in the period beginning with the first day of the first month for which he is entitled to receive such benefit and ending with the date on which such individual would attain sixty-five years of age, and, in the case of any individual who has attained sixty-five years of age on the first day of the first month for which he is entitled to receive such benefit, be increased by one-third of one per centum multiplied by the number of months, or portions thereof,

in the period beginning with the date on which such individual attained sixty-five years of age and ending with the first day of the first month for which he is entitled to receive such benefit, or the date on which such individual attained seventy-two years of age, whichever is the earlier.'

"TECHNICAL AMENDMENTS

"(d) (1) The last sentence of subsection (a) of section 202 of the Social Security Act is amended to read as follows: 'Such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(2) So much of paragraph (1) of subsection (b) of section 202 of such Act as succeeds subparagraph (C) thereof is amended to read as follows:

"'(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the wife's insurance benefit for which she is eligible under this subsection, shall be entitled to a wife's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, no child of her husband is entitled to a child's insurance benefit and she has not attained retirement age, or she becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the wife's insurance benefit for which she is eligible under this subsection.'

"(3) Paragraph (2) of section 202 (b) of such Act is amended to read as follows:

"'(2) Such wife's insurance benefit for each month shall be an amount equal to one-half of her husband's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(4) So much of paragraph (1) of subsection (c) of section 202 of such Act as succeeds subparagraph (D) thereof is amended to read as follows:

"'(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the husband's insurance benefit for which he is eligible under this subsection, shall be entitled to a husband's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the month in which any of the following occurs; he dies, his wife dies, they are divorced a vinculo matrimonii, or he becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the husband's insurance benefit for which he is eligible under this subsection.'

"(5) Paragraph (2) of section 202 (c) of such Act is amended to read as follows:

"'(2) Such husband's insurance benefit for each month shall be equal to one-half of his wife's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(6) So much of paragraph (1) of subsection (e) of section 202 of such Act as succeeds subparagraph (D) thereof is amended to read as follows:

"'(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the widow's insurance benefit for which she is eligible under this subsection, shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the widow's insurance benefit for which she is eligible under this subsection.'

"(7) Paragraph (2) of section 202 (e) of such Act is amended to read as follows:

"'(2) Such widow's insurance benefit for each month shall be equal to three-fourths of her deceased husband's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(8) So much of paragraph (1) of subsection (f) of section 202 of such Act as succeeds subparagraph (E) thereof is amended to read as follows:

"'(F) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the widower's insurance benefit for which he is eligible under this subsection,

shall be entitled to a widower's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the widower's insurance benefit for which he is eligible under this subsection.'

"(9) Paragraph (2) of section 202 (f) of such Act is amended to read as follows:

"'(2) Such widower's insurance benefit for each month shall be equal to three-fourths of his deceased wife's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(10) So much of paragraph (1) of subsection (h) of section 202 of such Act as succeeds paragraph (C) thereof is amended to read as follows:

"'(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the parent's insurance benefit for which he is eligible under this subsection, and

"'(E) has filed application for parent's insurance benefits,

shall be entitled to a parent's insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent's insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the parent's insurance benefit for which he is eligible under this subsection.'

"(11) Paragraph (2) of section 202 (h) of such Act is amended to read as follows:

"'(2) Such parent's insurance benefit for each month shall be equal to three-fourths of such deceased individual's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(e) The amendments made by subsections (c) and (d) of this section shall be applicable (1) in the case of monthly benefits under title II of the Social Security Act, for months after December 1955, and (2) in the case of lump-sum death payments under section 202 (i) of such Act, with respect to deaths occurring after December 1955. No redetermination of the amount of any benefit by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of such Act."

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce retirement age from sixty-five to sixty, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz. At the end of the bill add the following new title:

TITLE III—PROVISIONS RELATING TO OLD-AGE ASSISTANCE

AMOUNTS DISREGARDED IN DETERMINING NEED

SEC. 301. (a) Section 2 (a) (7) of the Social Security Act is amended to read as follows: "(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that in making such determination the State agency may disregard not more than $50 per month of earned income."

(b) The amendment made by subsection (a) of this section shall be effective on and after October 1, 1956.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
Washington, D. C., March 12, 1956.

MRS. ELIZABETH B. SPRINGER,
Chief Clerk, Committee on Finance,
Senate Office Building, Washington, D. C.

DEAR MRS. SPRINGER: In response to your memorandum of March 9 in regard to Senator Douglas' amendments to H. R. 7225, I am very pleased to give you a cost estimate on the amendment relating to the old-age and survivors insurance system. The other amendment, which deals with the old-age assistance program, I am passing on to Mr. J. L. Roney, Director of the Bureau of Public Assistance, for reply.

The amendment dealing with old-age and survivors insurance, in general, provides a 4 percent decrement for each year that the individual is under age 65 for individuals becoming entitled to benefits between ages 60 and 65; this is applicable to all types of benefits—for retired workers, for dependents of retired workers, and for survivors of insured workers. Paralleling this, increments at the same rate of 4 percent per year are provided for those becoming entitled to benefits after age 65 up to age 72.

I shall not be able to make any comments as to the desirability of this proposal or as to whether the legislative drafting adequately provides the desired result. If you should like to have any comments along these lines, I would suggest that you correspond directly with Secretary Folsom for the official views and position of this Department. There are, however, several factual situations of benefit relationships that I think should be pointed out.

First, the decrements and increments are based on entitlement to benefits and not on receipt of benefits. The effect of this may be shown by considering a nonmarried insured worker reaching age 65. If he then files for benefits and becomes entitled, but continues in substantial employment until age 72, he would apparently not receive any increments. On the other hand, if he had not made the "mistake" of taking the administrative action of filing claim, his benefit at age 72 would be 28 percent higher. This situation would perhaps not occur if the bill were interpreted to mean, upon a "work recomputation," the increment or decrement would be recomputed. If this were done, however, there would be another unusual situation arising. Thus, if an individual retired at age 60 and had a 20 percent reduction, then by earning $1,200 just before he was age 65, he could have this reduction eliminated (and, even further, by earning $1,200 just before age 72, he could have his benefit then increased by 28 percent over what was payable at age 65).

A second situation is in regard to survivor benefits in respect to deceased retired workers. Consider a man retiring at age 65, with a wife age 60. The wife's benefit is reduced by 20 percent, and so it is 40 percent of the primary insurance amount. If the husband lives for 12 years, so that the wife is then aged 72 at widowhood, the widow's benefit will be subject to a 28 percent increment and would be 96 percent of the primary insurance amount. On the other hand, if the man died immediately after retirement, the widow's benefit would be subject to a reduction of 20 percent and thus would be only 60 percent of the primary insurance amount. Thus, somewhat anomalous situations can arise for survivors of retired workers because the amount of the survivor benefit depends upon the age of the survivor at the time of the death of the retired beneficiary, rather than upon the age of the survivor beneficiary when she first began to receive wife's benefits.

As to the cost aspects of this proposal, there are increases both in respect to those becoming entitled before age 65 and those becoming entitled after age 65. In regard to the former group, the 4 percent per year reduction is not sufficient, on an actuarial basis, to offset the increased costs involved. The increments for those becoming entitled after age 65 are, of course, entirely an increase in cost over present law, which does not provide for any such factors. The total increase in cost involved as compared with present law, represents a level-premium rise of 1.70 percent of payroll according to the intermediate-cost estimate. However, this increase in cost should properly be considered as against the provision in H. R. 7225, which it would replace, namely, a reduction in the minimum eligibility age for women from 65 to 62. The level-premium cost of

that provision in the bill is 0.56 percent of payroll so that the net effect of the proposed amendment would be an increase over the cost of the bill amounting to about 1.15 percent of payroll on a level-premium basis.

I hope that this gives you information that the committee desires. If you have any further questions, please let me hear again from you.

Sincerely yours,

ROBERT J. MYERS, *Chief Actuary.*

UNITED STATES SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
March 20, 1956.

Hon. HARRY F. BYRD,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: In connection with the social-security amendment for a flexible retirement age which I have previously introduced and submitted to you for the Finance Committee's consideration, I have gathered some more detailed cost figures which I would like to share with you and other members of the committee. I am accordingly enclosing a memorandum which summarizes these cost data.

The more detailed consideration of costs has also revealed two errors in drafting. I have prepared a revision of the original proposal, therefore, to eliminate these unintended effects.

The cost information has also enabled me to suggest a modification of the amendment which substantially reduces this total cost while retaining essentially the same flexible retirement provision. The two technical changes and this modification have all been made in the amendment as revised, a copy of which is enclosed.

I shall be grateful if you would give consideration to this memorandum and the amendment as modified in introducing this matter for the committee's discussion.

With all kindest regards,

Faithfully yours,

PAUL H. DOUGLAS.

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENTS

Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 5, beginning with line 22, strike out all over to and including line 4 on page 6 and insert in lieu thereof the following:

COORDINATION OF BENEFITS WITH AGE OF RETIREMENT

RETIREMENT AGE

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"RETIREMENT AGE

"(a) The term 'retirement age' means age sixty."

On page 7, beginning with line 4, strike out all down to and including line 22 and insert in lieu thereof the following:

"(A) an individual who attained age sixty prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty in 1956, or, if earlier, the year in which he died;

"(B) an individual shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before Janu-

ary 1956 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any individual who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

An individual shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month."

On page 28, beginning with line 22, strike out all over to line 4 on page 29 and insert in lieu thereof the following:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 60, if he did not work for the employer in the period for which such payment is made, or".

On page 8, between lines 3 and 4, insert the following new subsections:

"REDUCTIONS AND INCREASES IN PRIMARY INSURANCE AMOUNTS

"(c) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

" 'PRIMARY INSURANCE AMOUNT REDUCED OR INCREASED IN ACCORDANCE WITH AGE OF BENEFICIARY

" '(m) (1) In computing the amount of the old-age insurance benefit, wife's insurance benefit, husband's insurance benefit, widow's insurance benefit, widower's insurance benefit, or parent's insurance benefit of any individual who is eligible therefor under subsections (a), (b), (c), (e), (f), and (h), respectively, the primary insurance amount on the basis on which such benefit is computed shall, in the case of any individual who has not attained sixty-five years of age on the first day of the first month for which he is entitled to receive such benefit, be reduced by one-half of one per centum multiplied by the number of months, or portions thereof, in the period beginning with the first day of the first month for which he is entitled to receive such benefit and ending with the date on which such individual would attain sixty-five years of age, and, in the case of any individual who has attained sixty-five years of age on the first day of the first month for which he is entitled to receive such benefit, be increased by one-third of one percentum multiplied by the number of months, or portions thereof, in the period beginning with the date on which such individual attained sixty-five years of age and ending with the first day of the first month for which he is entitled to receive such benefit, or the date on which such individual attained seventy-two years of age, whichever is the earlier.

" '(2) For the purposes of paragraph (1) of this subsection and for no other purpose, the age at which an individual becomes entitled to widow's or widower's insurance benefits shall be decreased by one month for each month for which such individual has received a wife's or husband's insurance benefit (other than a month for which such individual received a wife's insurance benefit to which she was entitled by reason of having in her care a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of the spouse by reason of whose wages and self-employment income such individual is entitled to widow's insurance benefits) based on the wages and self-employment income of the deceased spouse by reason of whose wages and self-employment income such individual is entitled to widow's or widower's insurance benefits, as the case may be.

" '(3) Upon the recomputation, under section 215 (f), of the primary insurance amount upon which the old-age, wife's or husband's insurance benefit of any individual is based, the provisions of paragraph (1) of this subsection shall be applied to such primary insurance amount as recomputed under such section, except that, for the purposes of such paragraph and for no other purpose, the age at which any such individual became entitled to any such insurance benefit shall be increased by one month for each month for which such individual did not receive an old-age, wife's, or husband's insurance benefit because of deductions, from such benefit made pursuant to subsections (b), (c), (f), or (g) of section 203, on account of work performed by the person whose primary insurance amount is used for the computation of such benefit.'

"TECHNICAL AMENDMENTS

"(d) (1) The last sentence of subsection (a) of section 202 of the Social Security Act is amended to read as follows: 'Such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(2) So such of paragraph (1) of subsection (b) of section 202 of such Act as succeeds subparagraph (C) thereof is amended to read as follows:

"'(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the wife's insurance benefit for which she is eligible under this subsection.

shall be entitled to a wife's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, no child of her husband is entitled to a child's insurance benefit and she has not attained retirement age, or she becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the wife's insurance benefit for which she is eligible under this subsection.'

"(3) Paragraph (2) of section 202 (b) of such Act is amended to read as follows:

"'(2) Such wife's insurance benefit for each month shall be an amount equal to one-half of her husband's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(4) So much of paragraph (1) of subsection (c) of section 202 of such Act as succeeds subparagraph (D) thereof is amended to read as follows:

"'(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the husband's insurance benefit for which he is eligible under this subsection,

shall be entitled to a husband's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the month in which any of the following occurs: he dies, his wife dies, they are divorced a vinculo matrimonii, or he becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the husband's insurance benefit for which he is eligible under this subsection.'

"(5) Paragraph (2) of section 202 (c) of such Act is amended to read as follows:

"'(2) Such husband's insurance benefit for each month shall be equal to one-half of his wife's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(6) So much of paragraph (1) of subsection (e) of section 202 of such Act as succeeds subparagraph (D) thereof is amended to read as follows:

"'(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the widow's insurance benefit for which she is eligible under this subsection,

shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs; she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the widow's insurance benefit for which she is eligible under this subsection.'

"(7) Paragraph (2) of section 202 (e) of such Act is amended to read as follows:

"'(2) Such widow's insurance benefit for each month shall be equal to three-fourths of her deceased husband's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(8) So much of paragraph (1) of subsection (f) of section 202 of such Act succeeds subparagraph (E) thereof is amended to read as follows:

"'(F) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the widower's insurance benefit for which he is eligible under this subsection,

shall be entitled to a widower's insurance benefit for each month, beginning

with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the widower's insurance benefit for which he is eligible under this subsection.'

"(9) Paragraph (2) of section 202 (f) of such Act is amended to read as follows:

"'(2) Such widower's insurance benefit for each month shall be equal to three-fourths of his deceased wife's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(10) So much of paragraph (1) of subsection (h) of section 202 of such Act as succeeds paragraph (C) thereof is amended to read as follows:

"'(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the parent's insurance benefit for which he is eligible under this subsection, and

"'(E) has filed application for parent's insurance benefits,

shall be entitled to a parent's insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent's insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the parent's insurance benefit for which he is eligible under this subsectiton.'

"(11) Paragraph (2) of section 202 (h) of such Act is amended to read as follows:

"'(2) Such parent's insurance benefit for each month shall be equal to three-fourths of such deceased individual's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(e) The amendments made by subsections (c) and (d) of this section shall be applicable (1) in the case of monthly benefits under title II of the Social Security Act, for months after December 1955, and (2) in the case of lump-sum death payments under section 202 (i) of such Act, with respect to deaths occurring after December 1955. No redetermination of the amount of any benefit by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of such Act."

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce retirement age from sixty-five to sixty, to provide for continuation of child's insurance benefits for children, who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

UNITED STATES SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
March 20, 1956.

Memorandum to: Senate Finance Committee.
From: Senator Paul H. Douglas.
Subject: Cost computations on Douglas amendment to H. R. 7225.

I have now received from the actuary of the Department of Health, Education, and Welfare some estimates as to the cost of my amendment to the Social Security Act providing for flexibility in retirement ages.

I would like to share the details of these cost figures with the committee, and also to present certain improving amendments to my proposal which are suggested by these cost data.

The estimated total cost was 1.7 percent of payroll. Of this, 0.25 percent of payroll was due to an unintended increase in survivor's benefits, resulting from the recomputation of benefits at the higher age of the survivor at the time of the death of the primary beneficiary. This was not intended, and I have drafted, and I am submitting, an amendment to entirely eliminate this source of cost.

The remainder of the estimated cost comes to 1.45 percent of payroll, which is approximately the same as the cost of converting the system from a retirement to an annuity system, which is of course what most people think they

have. That is, the system saves 1.4 percent of payroll because the average age of retirement is not 65, but 68.

I recognize, however, that the committee is considering other changes which would add to the cost of the program. I want, therefore, to present a breakdown of that 1.45 percent cost figure and indicate certain modifications that in my opinion would preserve the essence of the plan and yet set the costs at a lower level, which may seem more workable in conjunction with other proposed changes.

There are two components to the cost of my amendment. First, is 0.50 percent of payroll for the increment that would be added to the benefits drawn by persons retiring after age 65. Second, is 0.95 percent of payroll which is the cost of providing benefits to persons retiring before age 65 who would have died before age 65, and therefore would not have drawn any benefits at all. But I repeat the total cost of my plan would not be any greater than would be the cost of the system if every eligible person retired at age 65.

Because of the two components of the cost, however, it is possible to modify the plan so as to reduce the cost substantially without losing its essential features. I have drafted an amendment to increase the reduction of payments before age 65, so that the reduction would be at the rate of one-half of 1 percent per month or 6 percent per year. The increment added above age 65 remains at one-third of 1 percent per month, or 4 percent per year. This would result in a total cost of the plan of 0.82 percent of payroll, made up of these components: 0.50 percent for the increment added for postponed retirement, 0.32 percent for the cost of benefits to those who would die before 65.

Thus a substantial cost reduction to 0.82 percent of payroll is possible by a modest lowering of the benefit levels on early retirement. The flexibility of the plan is maintained. The incentive for later retirement is also retained, without change.

Where will this money come from? The House bill provides for an increase in the tax of 1 percent of payroll. The disability provision at age 50 would cost 0.40 percent of payroll. If Senator George's proposal to provide for disability payments at any age is adopted, the cost will be 0.65 percent of payroll. In either event, the adoption of the disability provision, which in my judgment should have high priority, will leave available for other purposes 0.35 to 0.60 percent of payroll of the increased tax.

Another potential source of funds lies in increasing of the base wage upon which the tax is collected.

If it were raised to:	*Percentage of payroll it would provide*
$4,800	0.13
$5,400	.20
$6,000	.26
$7,200	.34
$8,400	.40
$9,000	.42

The reserve fund now stands at almost $22 billion. In 1955 it increased by 0.77 percent of payroll. In 1956 it is expected to increase by the same amount. The rate of increase will then decline until 1960 when it will increase greatly again. Over the projected future the fund is expected to increase at an average rate of approximately 0.50 percent of payroll per year. It is perhaps no longer necessary to have the fund increase at this rate, and this is therefore another possible source of funds to meet the costs of my proposal.

It should also be pointed out that all cost estimates are based on 1954 wages. If wages increase, as is to be expected, the costs as expressed as a percentage of payroll are apt to be somewhat less.

My proposal could therefore be financed by using the balance of the House-proposed increase after paying for the disability provision, and then increasing the base wage on which the tax is assessed to $5,400 or $6,000, or by some other combination of factors. I am convinced that its attributes make it worthy of consideration in spite of some additional costs which it would entail.

PAUL H. DOUGLAS.

UNITED STATES SENATE,
Washington, D. C., March 28, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: I have introduced several amendments to H. R. 7225 which have been referred to your committee. I assume these amendments will be before you as you go into executive session to consider H. R. 7225 and the various proposals which have been made to modify it.

While at least one and perhaps more of the proposals I make in my amendments are covered by other amendments which have been or will be proposed by members of your committee, I would like to have my views in support of my own amendments included in the record of the hearings so that the members of the committee might have available, for such reference as they wish to make of it, a statement of my views in support of these proposals.

These views are pertinent, of course, to comparable proposals which may be introduced by others and which may be considered by the committee.

My proposed amendments would accomplish the following:

1. Eliminate the requirement that a person must be 50 years of age in order to be eligible for the disability provisions of H. R. 7225.
2. Increase the amounts to be authorized under the maternal and child welfare provisions of the Social Security Act.
3. Lower the retirement age for women to 60 instead of 62.
4. Amend the public assistance program in its application to the Virgin Islands.
5. Amend the public assistance program in its application to Puerto Rico.

In connection with the first amendment to eliminate the age requirement under the disability provisions of H. R. 7225, I am sure you are aware of the fact that Senator George has made a similar proposal. I have no special pride of authorship in my own amendment. In fact, I am gratified to see that the distinguished Senator from Georgia agrees with me on the need for this change in the Social Security Act.

I have introduced amendments for this same purpose on a number of occasions and I was very pleased that the House of Representatives finally approved the payment of disability benefits when it passed H. R. 7225 during the last session of Congress. But the House-passed amendment would limit these benefits to persons who had reached the age of 50. In contrast, my amendment retains all of the requirements of the House measure and uses the same definition of disability, but it makes the benefits available to persons, irrespective of age.

The absence of disability benefits is the one big gap in our program of social insurance. An individual suffering from total and permanent disability is faced with a complete loss of earning power and of income. And at the same time he is confronted with large medical bills which force him to use up all his savings and any other resources that he may have.

Organized medical groups and rehabilitation associations proposed to meet the needs of these people through an expanded program of vocational rehabilitation. They claim that rehabilitation is the solution for the financial and medical problems of the disabled.

I agree with them that this is the answer. But it is not the complete answer. It is the answer for only a small percentage of our totally disabled. It overlooks the large number of people who are unable to be rehabilitated. It overlooks the fact that many people are suffering from disabilities which do not lend themselves to rehabilitation. It overlooks the fact that rehabilitation procedures have not progressed to the point where they can help more than a fraction of the disabled. It overlooks the fact that adequate facilities and well trained personnel are not available in sufficient number to even begin to deal with the problem in its present magnitude.

I have had many occasions and opportunites to familiarize myself with rehabilitation and disabilities programs. I have been a strong and consistent supporter of efforts to strengthen these programs—both as Governor of New York State and as a Member of the Senate. I do not intend to minimize what can be accomplished by these programs and I intend to continue to support them.

But I cannot subscribe to the position taken by so many people that there is a conflict between these programs—a conflict between a disability insurance system and a rehabilitation program. In my opinion, there is a tremendous need for both and we must support them both.

It is because of my firm belief in the need for a disability insurance program as part of OASI that I have introduced my amendment. The present terms of H. R. 7225 would help only a small number of the disabled. My amendment would make all of the totally and permanently disabled eligible for insurance benefits. It would help many of those whose need for financial assistance is especially great—people who have young families; people who are just getting a start in life and have assumed many financial obligations but have not had an opportunity to accumulate substantial savings and other resources on which to fall back.

The amendment would also mean that the younger people who are more susceptible to rehabilitation and more likely to benefit from it will be brought to the attention of the State rehabilitation agencies. Experience has shown that it is the people over 50 who are the most difficult to rehabilitate. With the limited facilities and personnel presently available, I think we should do everything we can to give the agencies a chance to work with the disabled at the earliest opportunity. My amendment can help a great deal to bring this about.

People with long experience in this field have testified as to the feasibility of the proposal. State and Federal administrators testified in favor of it. Two former Social Security Commissioners have stated that disability benefit programs can work. The commissioner of social welfare in New York State, Raymond Houston, has indicated his support for it.

We cannot let our disabled people depend on charity and handouts for the rest of their lives. We owe it to these people to help them get back on their feet through adequate rehabilitation measures. But we must see that those who cannot be rehabilitated have a source of income which they receive as a matter of right. In all good conscience, humanitarian considerations will not let us do anything less.

The second amendment would increase the annual amounts to be authorized for the three maternal and child-welfare services to $25 million each. These services and the amounts currently authorized under title V are:

	Million
Maternal and child health	$16.5
Crippled children	15.0
Child-welfare services	10.0

The amendment calls for no substantive changes in the present program.

I have long been interested in our program to aid our children, but I have become increasingly aware of the problems in this area as a result of my work as chairman of the Subcommittee on Juvenile Delinquency of the Labor and Public Welfare Committee.

The testimony submitted in the course of the hearings held by my subcommittee has made me more conscious than ever of the role which these maternal and child-welfare services can play in combating juvenile delinquency. But at the same time, it has made me more aware than ever before of the gross inadequacies in the existing programs. The total sum is far too small. There is also an unreasonable imbalance in the funds authorized for each of the programs. My amendment would increase the total and would correct this imbalance by authorizing a like sum for each of the three services. It would authorize a total increase of $23.5 million a year—an increase which amounts to less than 50 cents for each child in the United States. Certainly we can afford to pay this small price to improve the health and welfare of our children.

I might also point out that if my amendment is adopted, it will be the first time since 1950 that the amount authorized under these programs has been increased. This means that the annual authorization has remained the same during a period which we added 4 million children a year to our population and when medical costs have increased more than 30 percent.

I think there are few who would challenge the need for this change to meet the changed circumstances. I am confident that the members of the Finance Committee will recognize the importance of my proposal and will approve it.

My third amendment would lower the retirement age for women from 65 to 60. As you know, H. R. 7225 would lower the age to 62. There is no question that a reduction to 62 is a big step in the right direction, but I think the time has come when we can and should go even further.

It is true that our longevity is increasing—that the health of our citizens is improving and that many people find themselves able to work well past the age of of 60 and even 65. I think this a wonderful thing.

But I am still concerned over those women who are without jobs at the age of 60 and are unable to find new jobs. I am sure you are all aware of the reluctance of employers to hire women of advanced years. I am concerned about women who are suddenly widowed at the age of 60—women who have had no work experience and find themselves thrown on the labor market with no training, no experience, no skills.

What is to happen to these women? What about the women who have been widowed for a number of years and who have been receiving benefits as the mothers of children under 18. Many of these women reach the age of 60 at about the time their children reach the age of 18. Under the present law, they must wait a period of 5 years before they once again become eligible for benefits. What happens to them during this interval?

The argument has been made that these people have resources to fall back on—that they can depend on their children—that they have insurance to help them over this difficult period. This may be true in many instances. But I am concerned with those cases in which it is not true, with those women who have no financial resources. I am concerned about the need to change the law so that these women need not become dependent on public or private charity. Charity and relief are not the answers. Our sense of humanity and social conscience will not let us make it the answer.

We must do all we can to help the older members of our population remain useful citizens. We must stress the fact that retirement under the social-security program is voluntary. We must encourage people to work as long as they are able. But we must make provisions for those who cannot work. Experience has shown that many women over 60 fall into this category. It is for this reason that I believe my amendment to permit them to retire at 60 and become eligible for social-security benefits is essential.

My last two amendments deal with the public-assistance programs in the Virgin Islands and Puerto Rico. Under the present law, there is a ceiling on the total amount of money that can be spent for the public-assistance program in the Virgin Islands. There is also a provision prohibiting the payment of funds to the parents or relatives of a needy child under the aid to dependent children program. Similar restrictions are in effect in connection with Puerto Rico. This is contrary to the way the program operates in the States and the other Territories where there is no ceiling and payments to parents or relatives are permitted.

During the last session of Congress, I introduced a bill, S. 2660, which was referred to this committee, to raise the ceiling for the Virgin Islands to $300,000—it is now $160,000—and to eliminate the restrictions under the ADC program. One of my amendments incorporates the provisions of S. 2660 as an amendment to H. R. 7225. The other amendment makes a similar change in the case of Puerto Rico.

I am sure the members of this committee will recall the testimony presented in the course of the hearings by Mr. Roy Bornn, Commissioner of Social Welfare for the Virgin Islands in behalf of this proposal. I believe that Commisisoner Bornn made a most effective case for this change in the present law and I hope the committee will see fit to eliminate the existing restrictions.

There may have been some justification for imposing a ceiling on the amount of aid which could be made available to the Virgin Islands and Puerto Rico when the program was first made applicable to these areas. There may have been some doubt as to how these areas would administer such a program and whether they could keep it within bounds. However, this program has now been operating since 1950. I think the governments of the Virgin Islands and of Puerto Rico have proved themselves capable of administering these social-welfare programs efficiently and fairly. Experience has further shown that the ceiling now imposed on these two American areas is working an undue hardship on the people concerned who are just as much American citizens as we are.

Quite frankly, I would prefer to see the ceilings on public-assistance funds for Puerto Rico and the Virgin Islands eliminated completely. I realize, however, the committee may be reluctant to go that far at this time. But I do hope the committee will agree with me that the present ceiling of $160,000 for the Virgin Islands and $4,250,000 for Puerto Rico are both unnecessary and unjustified. I trust, therefore, that it will approve my amendment to raise the ceilings to $300,000 and $8 million, respectively.

The other part of this amendment would authorize the payment of funds to a needy parent or other relative caring for a child under the aid-to-dependent children program. The ADC program authorizes the payment of these funds in

the States and in the other Territories. It is fully recognized that these Federal matching funds are seriously needed and completely justified. The need for the Federal contribution to the Virgin Islands and Puerto Rico is no less than in the areas where it is now made available. I can see absolutely no reason for not removing this discriminatory provision in the present law. I hope, therefore, that the committee will act favorably on my proposal to accomplish this.

Very sincerely yours,

HERBERT H. LEHMAN.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 22, 1956.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building.

DEAR MR. CHAIRMAN: I am writing to express my support for and interest in several amendments to H. R. 7225 relating to benefits for the blind. It is my understanding that these amendments are being proposed by leading organizations working for the welfare of the blind, such as the American Association of Workers for the Blind.

These amendments include the commonly accepted definition of "20/200", et cetera, for blindness under title 10 of the Social Security Act; certification of blindness as presumptive evidence of permanent disability; disability payments from the onset of blindness regardless of age or quarters of coverage; more generous benefit payments to the disabled blind; and a floor on allowable earnings while receiving disability benefits.

It is my hope that the committee will be able to give careful and sympathetic consideration to these amendments. I believe they would be of real benefit to the blind and a sound addition to the social-security law.

Sincerely,

EDITH GREEN.

NATIONAL ASSOCIATION FOR RETARDED CHILDREN, INC.,
New York, N. Y., March 14, 1956.

Hon. HARRY FLOOD BYRD,
United States Senator,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: On behalf of the parents and friends of 4,800,000 mentally retarded Americans, I want to express support for the provision in H. R. 7225 which would grant continued social-security survivors benefits to disabled children over the age of 18.

I should also like to express opposition to that subsection of H. R. 7225 which would limit benefits to those disabled children who attain age 18 after 1953 and endorse in its stead the principle of S. 1638, introduced by Senator Russell Long.

It was with a great deal of satisfaction that NARC noted the passage of H. R. 7225 in the House of Representatives last year. There is no question about the justice of granting totally disabled children above the age of 18 the same benefits that are granted normal children below that age, but it is not just to arbitrarily limit the benefits to those who attain age 18 after 1953.

If this amendment were revolutionary in nature, there might be some reasonable basis for the restriction, but that is not the case. Practically every other major retirement and insurance program of the Federal Government provides benefits of this nature. The principle has proved capable of easy administration. It necessarily follows that there is no need to make the amendment to the social security restrictive in order to facilitate administration.

The only other possibly logical reason that might be advanced would be prohibitive costs. But the cost of these benefits is in no way prohibitive. According to the Department of Health, Education, and Welfare, the level premium cost of H. H. 2205, a bill almost identical to this provision of H. R. 7225 except that it contained no cutoff date, would be, at the highest possible estimate, less than one-tenth of 1 percent of payroll. In terms of dollars and cents, this means that the peak cost, after many years of operation, would reach perhaps $5 million. If you compare this with the cost of the overall expenditures of the social-security

program, nearly $6 billion annually—a figure which will be doubled or tripled by the time the cost of the disabled children amendment reaches its $5 million level—it is easily evident that the dollar cost of these benefits is negligible. It therefore cannot be said that the amendment need be restrictive for actuarial reasons.

Indeed, there is no reason at all for limiting the benefits to those disabled children who attain age 18 after 1953, and I hope that this stipulation will be eliminated from the amendment enacted by the Congress.

The great majority of retarded children are not so severely disabled as to be eligible for continued survivor benefits if the bill were enacted. However, the parents and friends of all retarded children are interested in seeing the more severely retarded child receive the same treatment under the Social Security Act as is afforded under the civil-service, Armed Forces, railroad retirement, and other Federal retirement plans.

I appreciate the interest and concern you have shown in the past for retarded children. I am sure that you will give full consideration to their needs in the hearings of the Finance Committee on H. R. 7225.

Sincerely,

SALVATORE G. DIMICHAEL,
Executive Director.

PARALYZED VETERANS OF AMERICA,
New York, N. Y., March 13, 1956.

Hon. HARRY F. BYRD,
Chairman of the Senate Finance Committee,
United States Senate, Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I noted newspaper releases dated March 1 (UP) which refer to certain testimony made by Henry Viscardi, Jr., head of Abilities, Inc., before your committee with specific reference to disabled workers and the right to collect social-security benefits at 50 instead of 65.

In view of the fact that I have been a quadriplegic for 14 years and have spent a large portion of this time working toward rehabilitation for paralyzed veterans, I would like to make the following comments with reference to the testimony as reflected by the attached newspaper releases.

Of course, I have no quarrel with the idea that the disabled want to be and should be employed. It is my experience, for the most part, the disabled not only are employable but they make excellent employees. I do get the suggestion from the newspaper clipping that Mr. Viscardi is suggesting that the Government sponsor disabled employment centers such as Abilities, Inc.

Abilities, Inc., is a sheltered workshop and it has always been my opinion that this type of organization and the hundreds that have preceded it are no solution to the employment of disabled.

The sheltered-workshop approach means that an employment facility is set up not because there is an economic need for the product it produces but because it is to serve as an employment center for a miscellaneous group of disabled. They are for the most part operated by social workers and not businessmen. This means that by and large the sheltered workshop is only equipped by their management to take on the most unskilled type of worker and indeed the people who run them are not prepared to develop a growing business based upon sound business principles and it is from this basic problem that most of the sheltered workshops fail.

I have always contended, and our employment experience has proven it out, that the disabled can best be served with employment opportunities, and can serve the Nation by opportunities for employment in business where they work side by side with the nondisabled. Just as with the nondisabled they can carry out their jobs and do a day's work for a day's pay. Their opportunities for advancement are multiplied many times and indeed we know of many seriously disabled who are holding down top executive positions in corporations, large and small.

It is true that selling the idea to industry and overcoming some of the problems are not unnecessarily easy but any analysis of the cost of sheltered workshops will show that the cost per employed person versus the employment of the disabled in industry, is far out of proportion to the latter.

As to my own comment on the social-security bill, which would revise old-age benefits at 50 instead of 65 for the disabled, I would be very much in favor of such a bill for the totally disabled. While these people in many cases are em-

ployable and will seek and get work, it must be realized that employment for the 100 percent disabled is more difficult. I cannot see where a sense of security during periods of rehabilitation or medication would be any bar to the large percentage of disabled. To back up this statement I point out a survey that was made a few years ago by the Paralyzed Veterans of America as to the employment of the paralyzed of this organization—85 percent were either employed or studying for employment. Surely if this group of the most seriously disabled, many of whom are entitled to service-connected compensation, are looking to employment, certainly the disabled want to work.

It would be my suggestion that the President's Committee for the Employment of the Physically Handicapped be greatly expanded so that interested groups and professional advisers would meet with committees of management of individual companies to develop programs and very definite plans at individual factories and other places of employment so that the problem of employment of the disabled would be solved in the local areas. I am convinced that such a grassroots operation will be very successful.

Yours very truly,

ROBERT FROST, *President.*

LEGLESS, HITS DISABLED DOLE

WASHINGTON, MARCH 1 (UP).—The legless president of a firm employing only disabled workmen told Congress today it would be a waste of money to "dole out pensions to the disabled."

Henry Viscardi, Jr., head of Abilities, Inc., a Long Island electronics firm, testified before the Senate Finance Committee on a House-passed bill allowing disabled workers to collect social-security benefits at 50 instead of 65.

Viscardi said disabled persons want a chance to work, "not a pension or pity." He urged that the pension plan be discarded in favor of a rehabilitation program which would enable disabled persons to lead productive lives.

DISABLED NEED CHANCE TO WORK

Press Washington bureau

Henry Viscardi, Jr., of Kings Point, the legless president of Abilities, Inc., a West Hempstead firm that employs only disabled persons, told a Senate Finance Committee hearing today that it is a "waste of money to dole out pensions" to the disabled when all they need is a chance to work.

Testifying at a public hearing on a bill that would give old-age benefits to the disabled at the age of 50 or over, Viscardi urged that the plan be "discarded in favor of a rehabilitation program that would enrich these men and women with productive and meaningful lives."

Viscardi, in a statement prepared for delivery before the committee, warned that the passage of the bill would "destroy all opportunity for the disabled to help themselves." He said it would make them "kept" citizens.

The proposal, part of the social security revision bill, would give the disabled old-age benefits at 50 instead of 65.

ASSOCIATION FOR RETARDED CHILDREN, INC.,
New Orleans 16, La., December 28, 1955.

Hon. RUSSELL B. LONG,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR SENATOR LONG: With the opening of the 2d session of the 84th Congress approaching, interest in our area is again rising on the prospects of the amendment of the Social Security Act contained in H. R. 7225, relative to continued benefits for disabled persons over the age of 18.

Before discussing this amendment I should like first to thank you for your sponsorship of S. 1638 at the last session and the continued interest you have shown for the thousands of mentally retarded persons in our State.

I have noted articles in the press indicating opposition to H. R. 7225 by the Secretary of Health, Education, and Welfare on the grounds of high cost. His

public statements have pointed to those sections lowering the eligibility age to 62 for women and providing disability benefits for persons over 50 as examples of the high cost of the bill. He has failed to mention the negligible cost of the section which corresponds to your bill S. 1638. According to figures furnished by Mr. Robert J. Meyers, Chief Actuary of the Social Security Administration, this section would result in an increased cost of less than three-tenths of 1 percent of payroll to the social-security fund.

In view of the administration's opposition to the overall bill, based on alleged high cost factors, and in view of the extremely low cost of that section which corresponds to S. 1638, our association feels that the administration's attacks on H. R. 7225 are not justified. Therefore, when consideration is given to the bill by the Senate Finance Committee, we would greatly appreciate your emphasizing the very small increase in expenditures which would result from the provisions of S. 1638 being approved.

There is one important way in which the amendment in H. R. 7225 differs from that of S. 1638, H. R. 5185, and other companion bills. Whereas the original bills place no retroactive limits on eligibility, H. R. 7225 limits eligibility to those disabled persons who attain age 18 after 1953, thereby arbitrarily cutting off benefits to many who are equally as needy and equally as qualified as those who would receive benefits under the proposed bill.

We realize that there is a great deal of precedent for this retroactive limitation and that unlimited retroactivity often creates cumbersome problems of administration and cost. However, we feel that such problems would not be present in this case were retroactivity unlimited.

While associated with Representative Frank Smith, the sponsor of H. R. 2205, a companion bill to S. 1638, I was informed by Mr. Ernest S. Griffith, Director of the Legislative Reference Service of the Library of Congress, that H. R. 2205 would add about 10,000 handicapped beneficiaries to the rolls. H. R. 2205 contains no retroactive limitations.

According to a committee report accompanying H. R. 7225, an estimated 6,000 handicapped beneficiaries would be added to the rolls. These numbers, as you know, are very small in comparison to those one ordinarily encounters in the administration of the social security program. The administrative workload and the increased cost of the additional 4,000 beneficiaries could be very easily absorbed by the Social Security Administration.

But these small numbers do not indicate a lack of interest or need for the amendment. There are an estimated 4,800,000 Americans who are mentally retarded. There are many millions of additional categories of handicapped persons who are also interested in this bill. While the great majority will not benefit from it they are nonetheless interested in seeing the more severely disabled of their numbers properly provided for in the social security program. Because of their recognition of the moral obligation to help those who cannot help themselves, many other civic groups have become interested in the enactment of this bill—the Kiwanis, veterans' groups, and others.

I should therefore like to urge the elimination of this 1953 limitation on retroactivity when the bill comes before the Senate Finance Committee.

Anything that you can do to insure this will be greatly appreciated by the parents and friends of the thousands of retarded children of New Orleans.

Sincerely.

FRED ELLIS, *Executive Director.*

MARCH 19, 1956.

Hon. WALTER F. GEORGE,
Senate Office Building,
Washington 25, D. C.

DEAR SENATOR GEORGE: Your statement in the Congressional Record of March 2, in support of amending the Social Security Act to provide for disability retirement benefits is fully confirmed by the everyday experience of those of us who have continuous and intimate contact with the problem. I heartily agree with you that: "Many disabled persons can be helped to rehabilitate themselves if they have some regular income to aid them to get back on their feet."

Rehabilitation is one of the most worthy objectives of any social program dealing with disability. It is an inspiring development offering hope for the disabled that was never before possible. The opponents of disability insurance have in the past seized on every conceivable antidisability insurance point that could be exploited, however spurious. Formerly, they concentrated on the

alleged uninsurability of disability benefits but this argument is now largely discredited by the accumulating successful experience with disability insurance. Today they are featuring the argument that disability insurance would impede rehabilitation.

There is very little factual information on the relationship of rehabilitation and disability insurance. The greatest body of experience on this subject is under workmen's compensation legislation. As you know, workmen's compensation has been providing cash disability benefits for well over 40 years and the experience with rehabilitation under the same program dates back to 1918 in Massachusetts. In fact, the present Federal-State rehabilitation system had its beginnings in State programs to meet the needs of the occupationally disabled. That is why a statement adopted as recently as last December by the house of delegates of the American Medical Association on this subject, is so very important. The AMA says:

"While overgenerous indemnity can dull the will for rehabilitation, inadequate indemnity requirements can destroy an employer's incentive to support rehabilitation by providing him with an easier or cheaper alternative. More important, inadequate indemnity can lower patient morale or force return to gainful employment in advance of clear-cut medical indications."

Here, the AMA was considering an increase in workmen's compensation benefits which now approximate $140 to $150 a month. The proposed OASI benefits are nowhere near this level.

We, too, are very much concerned with supporting the further development of rehabilitation. The proposed legislation would probably have greater impact on increasing the volume of rehabilitation in this country than any other measure I can think of. It recognizes the importance of rehabilitation and requires referral for rehabilitation.

The cause of rehabilitation, however, will not be advanced by the unsupported platitude that people must be starved into helping themselves. Occupational therapy and the related services of rehabilitation are wonderful things, but they are no substitute for bread.

The proposed legislation is one of the most meritorious that has been before the Congress in the history of social security in this country. I hope that every effort will be made to see it passed and, as you have proposed, without arbitrarily denying benefits to those who would otherwise be eligible, but are under 50 years of age.

Sincerely yours,

WALTER P. REUTHER,
President, International Union, UAW.

WASHINGTON STATE FARM BUREAU,
Spokane 31, Wash., March 19, 1956.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am enclosing some material relating to social security in agriculture which I think you and your committee will be interested in.

On February 17, 1956, I sent out the enclosed memo to Farm Bureau leaders in the State of Washington pointing out the importance of doing something about this important problem.

On February 25 I was delighted to receive a copy of a statement prepared by Leber & Sons which I enclose. This statement gives such a clear and concise description of the problem that I thought you should have a copy.

Mr. Ralph Leber told me in his letter of February 23 that he had sent copies to Senator Warren G. Magnuson and Senator Henry M. Jackson so that along with my letters to them and numerous others, both Senators from Washington are tuned in on the problem.

I know you appreciate the dire need for relief from this burden which is presently adding much to the cost-price squeeze on farmers. I would like to suggest that the Leber & Sons statement be made a part of your committee hearing record.

Sincerely yours,

RALPH T. GILLESPIE, *President.*

From: Leber & Sons Farms, Kent, Wash. (a family-size partnership farming operation).
Subject: Social Security in Agriculture.

DEAR SIR: In 1955 the change in the law regarding payments and reports on agricultural labor toward social security under the FICA, created a monumental, expensive, and fruitless task for the farm operator.

There are many reasons why casual-day-labor working an a piecework basis should be completely eliminated from social security insofar as recordkeeping, withholding, or responsibility for payments toward social-security benefits for such workers by any employer is concerned.

To begin with, the bulk of transient workers are not interested in, nor do they want to pay for social security. In fact many will not tell their social-security number nor will they register for social security, or, they will either work under different names or move on to another farm if they think they are going to be taxed for social security. We have many such names as "Romeo" or "General Grant" in our files from such people. We believe that such workers should be allowed to participate in social security on a voluntary basis, but not due to solely and mandatory effort of an employer.

In our type of crop, which is green pole snap beans for cannery processing, which need to be picked entirely by hand, by pickers transported here daily by buses from the nearby cities of Seattle and Tacoma, and where 24 to 48 hours in time of harvest can mean the difference of making a profit or of a crop failure due to the beans growing oversize and out of the price brackets, anything which distracts from fast, efficient harvesting is going to affect both the farm operator and the Government insofar as income returns are concerned. Since great fluctuations of labor occur daily and since the largest percentage of these people are "floaters" who only work a few days in any one place, social-security recordkeeping is a tremendous task. Furthermore, since all pickers demand to be paid cash daily and since some collect even at intervals during a day for lunch money, etc., it is absolutely humanly impossible to keep these records right up to the minute so as to know when a person reaches the present $100 limit, with the result being that in the very few cases where a picker did earn over $100 we, as the employer were unable to collect from the picker for his or her share of the social-security payments before he had moved on to another farm or area, and we had to pay the total 4 percent ourselves. To continuously and daily withhold on all pickers, where 1,000 or more workers must be paid daily by a single farmer would be disastrously impossible due to the amount of time consumed, and impracticable due to the small earnings and since over 99.6 percent (according to 1955 records) of money withheld would have to be returned because pickers did not qualify for social security. Most of this could not even be returned since the pickers mostly have no permanent address, and there would be no way of contacting them.

Another thing to bear in mind is that about one-third of the pickers are children, mostly teen-agers and younger ones who come with a parent or friend, during the summer, to help when the need is critical. These are not actually members of the working force who really produce the bulk of our goods, a great many do not have social-security numbers, and yet each and every one must be registered and files kept on them in order to comply with the law as it now stands.

On our farm in 1955 there were 7,224 different people signed in for piecework harvesting. Only 27 of these earned $100 or more. None earned over $160. One-third of the total worked 1 day or less and earned less than $5. Keeping records, including the cost of printed material, identification tags, filing, bookkeeping, etc. for the single purpose of calculating earnings for social security on these workers cost us above $2,500, while the total 4 percent paid to the Government on these workers was less than $150. The Social Security Department tells us they are only interested in those who earned over $100. Isn't it obvious to see that we had to keep records on each and every worker in order to know who earned $100?

In 1954 working conditions were worse due to inclement weather, but on approximately the same amount of acreage, we had 4,888 pickers of whom 2,402 worked only 1 day. However, 50 of these earned $100 or more in that year. These figures, which can be substantiated by our records, illustrate 2 things. First, the terrific labor turnover we are faced with, and second, the labor turnover in 1955 was very much greater than in 1954. From general opinion of the pickers in the field we place the blame for this on the fact that social security has entered the day-labor picture.

All these facts add up to this:

1. Agricultural workers of the casual day-labor type do not care much about social security.

2. Social security as it now affects this type of worker creates an additional hazard to growers of temperamental crops requiring large amounts of hand labor for harvest.

3. Tremendous additional expense to execute this program is experienced by the farmer who already is trapped in a price-cost squeeze where the cost of labor and supplies are continually rising and markets are declining.

5. If these burdens are not lifted from the farmer of these diversified types of crops, which use up a lot of otherwise idle help and create jobs for many all along the line up to the consumer, many of this type of farmers will quit this type of production and grow crops which can be handled mechanically, such as are corn, wheat, cotton, soya beans, etc., which require practically no hand labor or risk of obtaining labor, and which crops certain factions of the Government seem to want to protect for high incomes by means of rigid price supports; and which crops are already glutting the national and world markets.

6. The Social Security Act must be amended to make more workable conditions for the agricultural operator who uses and depends on this casual day labor for his existence.

As farmers, and as members of the Washington State Farm Bureau, we support the Washington State Farm Bureau in their recommendations on the amendment of the Social Security Act, as enclosed.

Yours truly,

LEBER & SONS FARMS,
WILLIAM B. LEBER.
ALBERT W. LEBER.
RALPH E. LEBER.

Subject: Social security in agriculture.

The following is a quotation from Ralph T. Gillespie, president of the Washington State Farm Bureau, and contains recommendations of the Washington State Farm Bureau as unanimously approved by its delegates at the State convention in Yakima, Wash., in December of 1955, and as further approved by the American Farm Bureau at their national convention in Chicago.

"It is our understanding that the Senate Finance Committee plans to report out a bill to amend the Social Security Act. Farm Bureau is very concerned over some of the proposals to liberalize benefits as set forth in H. R. 7225 and we recommend that Congress establish a commission to make a comprehensive and impartial investigation of this problem before any further action is taken. We are opposed to any liberalization of benefits which would require an increase in social-security taxes at this time.

"As you know, the coverage of farm labor has created some terrific difficulties in reporting and recordkeeping where transient and part-time workers are employed. This problem is especially acute in fruit and vegetable areas where so many of these casual workers float from one employer to another. The cost and time used up in recordkeeping is a big burden on all employers but most especially on the small or average-size farm.

"We recommend that the act be amended to make this provision more workable by either: (1) Exempting workers who work for 1 employer less than 60 days or; (2) raising the present exemption of $100 up to $200. We think that No. 1 above is by far the best answer but that No. 2 would be better than at present.

" 'Furthermore, we recommend that all casual day labor working on a piecework basis be completely eliminated insofar as recordkeeping, withholding or responsibility for payments toward social-security benefits for such worker by an employer is concerned, and that such workers be classified as self-employed and be given permission to come under social security as self-employed persons on a voluntary basis.'

"These recommendations are in the 1956 Farm Bureau resolutions and we seek support in making the administration of the Social Security Act workable, practical, and sensible. I wish to emphasize that the present provisions of the act and the present administrative rulings are most burdensome upon the small and family-size farms. I am sure you recognize that this is a very important matter in many sections of our great agricultural State of Washington which ranks No. 1 in the Nation in production of apples, hops, and dry peas; holds second place in production of pears, apricots, and filberts; third place in production of sweet cherries, grapes, and prunes; fourth place in production of cranberries and winter wheat; fifth place in production of alfalfa seed and all wheat."

(The above shows Washington State fifth place in production of all wheat, and yet according to State director of agriculture, Sverre Omdahl, there are more strawberry growers by number in the State of Washington than there are wheat growers. The strawberry growers are only a small part of the berry, fruit, nut, vegetable growers and other farmers who are seriously burdened by the present social-security laws. This problem is not limited to the State of Washington, but spreads all across the Nation to growers of many different crops which require large amounts of hand labor.)

We ask your support in obtaining legislation to properly amend the Social Security Act.

WASHINGTON STATE FARM BUREAU,
Spokane, Wash., February 17, 1956.

To: County farm bureau presidents, secretaries, legislative committee, membership committee, women's presidents, community presidents, State board of directors, insurance agents.
From: Ralph T. Gillespie, president.
Subject: Social security in agriculture.

It is our understanding that the Senate Finance Committee plans to report out a bill to amend the Social Security Act. Farm Bureau is very concerned over some of the proposals to liberalize benefits as set forth in H. R. 7225 and we recommend that Congress establish a commission to make a comprehensive and impartial investigation of this problem before any further action is taken. We are opposed to any liberalization of benefits which would require an increase in social-security taxes at this time.

As you know, the coverage of farm labor has created some terrific difficulties in reporting and recordkeeping where transient and part-time workers are employed. This problem is especially acute in fruit and vegetable areas where so many of these casual workers float from one employer to another. The cost and time used up in recordkeeping is a big burden on all employers but most especially on the small or average-size farm.

We recommend that the act be amended to make this provision more workable by either (1) exempting workers who work for 1 employer less than 90 days, or (2) raising the present exemption of $100 up to $200. We think that No. 1 above is by far the best answer but that No. 2 would be better than at present.

Furthermore, we recommend that all casual day labor working on a piecework basis be completely eliminated insofar as recordkeeping, withholding or responsibility for payments toward social-security benefits for such worker by an employer is concerned, and that such workers be classified as self-employed and be given permission to come under social security as self-employed persons on a voluntary basis.

These recommendations are in the 1956 Farm Bureau resolutions and we seek support in making the administration of the Social Security Act workable, practical, and sensible. I wish to reemphasize that the present provisions of the act and the present administrative rulings are most burdensome upon the small and the family-size farms. I am sure you recognize that this is a very important matter in many sections of our great agricultural State of Washington which ranks No. 1 in the Nation in production of apples, hops, and dry peas; holds second place in production of pears, apricots, and filberts; third place in production of sweet cherries, grapes, and prunes; fourth place in production of cranberries and winter wheat; fifth place in production of alfalfa seed and all wheat. It is interesting to note that Illinois now ranks next to Washington in production of wheat as it holds No. 5 position in production of winter wheat and No. 6 position in production of all wheat.

I urge action now, especially in contacting Senators Warren G. Magnuson and Henry M. Jackson, Senate Office Building, Washington, D. C.

NEW ORLEANS 15, LA., *March 19, 1956.*

Senator HARRY BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I would appreciate very much a copy of bill H. R. 7225, for the reason that, though I have read various interpretations of the proposal, I am not fully acquainted with all its facets.

It is my understanding that the bill provides for cash payments for disabled workers at age 50. If this be correct I see many inherent dangers in such a proposal, measured not only from the economic point of view but also from the sociological aspect.

I am speaking as a practicing orthopedic surgeon and know that as a result of much experience in traumatology that many employees, even laborers, have disabilities which may be considered from the point of view of evaluation, moderate to considerable. There are endless cases in this category who appear for treatment for another injury and such disability is discovered during the course of the examination. I want to stress the fact that this is not the exceptional case but is quite a common experience.

The only explanation for this is that the motivation in these individuals is to continue to work and earn a living and in the process the disability which they have acquired assumes lesser importance to them and they continue along the lines of a normal life so that they are happier and their families are happier than they would be if the motivation is blunted or removed by disability payments.

It is not my purpose to convey the notion that I believe that all people with disability are able to continue in this manner but I am quite convinced that the vast majority of them can. Thus, I believe that the scheme for disability payments would be of great help to certain individuals but that these individuals are in the minority and in the process of trying to help this minority I believe that grave injustice would be done to the great majority. Possibly, the following example might clarify what I have in mind. I was always under the impression that individuals who have had a coronary thrombosis were considered disabled and required limitation in their activities for the rest of their lives. In other words, they were unfit for strenuous work following such an attack. Though I am an orthopedic surgeon and my opinion in such a matter might be criticized, however, I know that many physicians who do specialize in diseases of the heart feel the same way about it. There are other experts, men who have a fine reputation in this field, who feel that a man with coronary thrombosis is still fit for the hardest job in the world despite a recent attack of coronary thrombosis.

Such differences of medical opinion very frequently arise and the dim pessimistic view in appraising a person's disability may very well be the wrong opinion 9 times out of 10. Thus, if such be the case, for 1 person needing disability payments, 9 others who do not require disability payments will receive them. It is my opinion that such an estimate of 10 to 1 is conservative.

Aside from the fact that 10 times as much money will be spent than is necessary to achieve just compensation for disability at age 50, it is also true that there will be a blunting of motivation in 9 other individuals who would otherwise be working and living a more normal and happier life with their families.

I really believe that great harm can be done to our country by introducing this situation into the lives of men of 50 and over, both from the sociological point of view and from the economic one.

It is unfair for me to expound on a proposal which I am not fully acquainted with and therefore beg your indulgence for this rather long letter and ask you to please send me a copy of H. R. 7225, that I may more fully study its provisions.

Very truly yours,

GEORGE D. B. BERKETT, M. D.

TREASURY DEPARTMENT,
Washington, D. C., March 26, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
Senate Office Building, Washington, D. C.

MY DEAR CHAIRMAN: This is in response to your request for the Treasury Department's views on H. R. 7225, which would make important changes in the social-security program and which the Senate Finance Committee now has under consideration.

The bill would extend the coverage of the old-age and survivors insurance program to include several groups not now covered by the program, notably self-employed professional groups other than physicians. It would lower the age at which women could qualify for retirement benefits from 65 to 62, whether they qualified in their own right or as widows or wives of insured persons. In addition, a new category of cash benefits for total and permanent disability

would be created. To finance the proposed changes, H. R. 7225 increases payroll taxes on wages by 1 percent (half to be paid by employees, and half to be paid by employers), and the tax on self-employment income by ¾ percent.

Extension of the old-age and survivors insurance program to noncovered groups in the population is highly desirable. It is in the interest of the individuals and their families who would come under the plan and, insofar as it improves the financing of the plan, it is in the interest of those already covered. However, we would urge the committee to extend coverage beyond that provided in the bill, particularly to Federal civilian employees and the Armed Forces. The recommendation to cover Federal civilian employees was made in 1954 by the committee established under congressional authorization to study retirement programs of the Federal Government. The inclusion of members of the Armed Forces, which would also be desirable, is provided in H. R. 7089, which is now pending before your committee.

The provisions of the bill lowering the age at which women qualify for retirement benefits and for the establishment of cash benefits for total and permanent disability and the necessary increases in payroll taxes to finance these new benefits have been commented on by Secretary Folsom in his testimony before your committee. The Treasury Department concurs in the recommendations made by the Department of Health, Education, and Welfare, and I have nothing to add in terms of elaboration or additional comment.

In the light of these considerations, the Department recommends that your committee report a bill to expand the coverage of the old-age and survivors insurance program and eliminate the increased taxes and new benefit features of H. R. 7225.

The Director, Bureau of the Budget, has advised the Treasury Department that there is no objection to the presentation of this report.

Sincerely yours,

G. M. HUMPHREY,
Secretary of the Treasury.

(Re amendment by Senator Cotton:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D. C., March 28, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 13, 1956, for a report on an amendment to H. R. 7225 proposed by Senator Cotton on July 25, 1955. This amendment is embodied in H. R. 3293 introduced in the first session of the present Congress as the administration's proposals on public assistance. Senator Martin's bill, S. 3139, contains the features of the amendment as well as some changes and additional provisions that will carry out the President's legislative recommendations on public assistance.

S. 3139 is, consequently, in our opinion, preferable to Senator Cotton's proposed amendment. We, therefore, recommend enactment of S. 3139 and against adoption of the amendment.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

M. B. FOLSOM,
Secretary.

(The amendments referred to follows:)

[H. R. 7225, 84th Cong., 1st sess.]

AMENDMENTS Intended to be proposed by Mr. COTTON to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new titles:

TITLE III—MATCHING OF ASSISTANCE EXPENDITURES FOR MEDICAL CARE

MEDICAL CARE FOR OLD-AGE ASSISTANCE RECIPIENTS

SEC. 301. (a) Clauses (1) and (2) of section 3 (a) of the Social Security Act are each amended by striking out "during such quarter as old-age assistance under the State plan" and inserting in lieu thereof "during such quarter as old-age assistance in the form of money payments under the State plan".

(b) Section (3) (a) (1) (A) of such Act is amended by striking out "who received old-age assistance for such month" and inserting in lieu thereof "who received old-age assistance in the form of money payments for such month".

(c) Section 3 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ", and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received old-age assistance under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO DEPENDENT CHILDREN

SEC. 302. (a) Clauses (1) and (2) of section 403 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to dependent children under the State plan" and inserting in lieu thereof "during such quarter as aid to dependent children in the form of money payments under the State plan".

(b) Section 403 (a) (1) (A) of such Act is amended by striking out "with respect to whom aid to dependent children is paid for such month" and inserting in lieu thereof "with respect to whom aid to dependent children in the form of money payments is paid for such month".

(c) Section 403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ", and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan in the form of medical or any other type of remedial care, not counting so much of such expenditure for any month as exceeds (A) the product of $3 multiplied by the total number of dependent children who received aid to dependent children under the State plan for such month plus (B) except in the case of Puerto Rico and the Virgin Islands, the product of $6 multiplied by the total number of other individuals who received aid to dependent children under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO THE BLIND

SEC. 303. (a) Clauses (1) and (2) of section 1003 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to the blind under the State plan" and inserting in lieu thereof "during such quarter as aid to the blind in the form of money payments under the State plan".

(b) Section 1003 (a) (1) (A) of such Act is amended by striking out "who received aid to the blind for such month" and inserting in lieu thereof "who received aid to the blind in the form of money payments for such month".

(c) Section 1003 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ", and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan in the form of medical or any other type of remedial care, not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received aid to the blind under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO PERMANENTLY AND TOTALLY DISABLED

SEC. 304. (a) Clauses (1) and (2) of section 1403 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to the permanently and totally disabled under the State plan" and inserting in lieu thereof "during such quarter as aid to the permanently and totally disabled in the form of money payments under the State plan".

(b) Section 1403 (a) (1) (A) of such Act is amended by striking out "who received aid to the permanently and totally disabled for such month" and inserting in lieu thereof "who received aid to the permanently and totally disabled in the form of money payments for such month".

(c) Section 1403. (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ", and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan in the form of medical or any other type of remedial care, not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received aid to the permanently and totally disabled under the State plan for such month".

EFFECTIVE DATE

SEC. 305. The amendments made by this title shall become effective January 1, 1956.

TITLE IV—MATCHING OF OLD-AGE ASSISTANCE SUPPLEMENTING OLD-AGE AND SURVIVORS INSURANCE BENEFITS

GRADUAL REDUCTION OF FEDERAL SHARE OF OLD-AGE ASSISTANCE

SEC. 401. (a) Clause (1) of section 3 (a) of such Act is further amended by inserting "and not counting so much of such expenditure for any month with respect to any individual to whom clause (5) is applicable for such month" after "$55".

(b) Section 3 (a) of such Act is further amended by inserting the following new clause immediately after clause (4) (added by section 301 (c) of this Act): ", and (5) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to one-half of the total sums expended during each month of such quarter as old-age assistance in the form of money payments under the State plan with respect to any individual who received a benefit under section 202 of this Act in such month and who did not receive old-age assistance for any period prior to January 1, 1956, not counting so much of such expenditure with respect to any individual for any month as exceeds $55".

EFFECTIVE DATE

SEC. 402. The amendments made by this title shall become effective January 1, 1957.

TITLE V—SELF-SUPPORT AND SELF-CARE

OLD-AGE ASSISTANCE

SEC. 501. (a) The first sentence of section 1 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals and of encouraging each State to minimize the need for old-age assistance by helping such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.".

(b) Subsection (a) of section 2 of such Act is amended by striking out "and" before clause (10) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (11) provide a description of the services which, in order to minimize the need for old-age assistance, the State agency makes available to applicants for and recipients of such assistance to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.".

(c) (1) Clauses (1) and (2) of section 3 (a) of such Act are each amended by striking out ", which shall be used exclusively as old-age assistance,".

(2) Clause (3) of such section 3 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose" and inserting in lieu thereof "including services which, in order to minimize the need for old-age assistance, are provided by the staff of the State agency (or of the local agency administer-

ing the State plan in the political subdivision) to applicants for and recipients of such assistance to help them attain self-support or self-care".

AID TO DEPENDENT CHILDREN

SEC. 502. (a) The first sentence of section 401 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy dependent children in order to maintain and strengthen family life by encouraging the care of dependent children in their own homes or in the homes of relatives and of encouraging each State to minimize the need for aid to dependent children by helping the relatives with whom they are living attain self-support or self-care, and by helping the children develop their future capacity for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.".

(b) Subsection (a) of section 402 of such Act is amended by striking out "and" before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (12) provide a description of the services which, in order to minimize the need for aid to dependent children, the State agency makes available to relatives with whom such children (applying for or receiving such aid) are living to help them attain self-support or self-care, or makes available to such children to help them develop their future capacity for self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related servces.".

(c) (1) Clauses (1) and (2) of section 403 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to dependent children,".

(2) Clause (3) of such section 403 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose" and inserting in lieu thereof "including services which, in order to minimize the need for aid to dependent children, are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to relatives with whom such children (applying for or receiving such aid) are living, to help them attain self-support or self-care, or to such children to help them develop their future capacity for self-support or self-care."

AID TO THE BLIND

SEC. 503. (a) The first sentence of section 1001 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind and of encouraging each State to minimize the need for aid to the blind by helping such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.".

(b) Subsection (a) of section 1002 of such Act is amended by striking out "and" before clause (12) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (13) provide a description of the services which, in order to minimize the need for aid to the blind, the State agency makes available to applicants for and recipients of such aid to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.".

(c) (1) Clauses (1) and (2) of section 1003 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to the blind,".

(2) Clause (3) of such section 1003 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose" and inserting in lieu thereof "including services which, in order to minimize the need for aid to the blind, are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care".

AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 504. (a) The first sentence of section 1401 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial

assistance, as far as practicable under the condition in such State, to needy individuals eighteen years of age and older who are permanently and totally disabled and of encouraging each State to minimize the need for aid to the permanently and totally disabled by helping such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(b) Subsection (a) of section 1402 of such Act is amended by striking out "and" before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (12) provide a description of the services which, in order to minimize the need for aid to the permanently and totally disabled, the State agency makes available to applicants for and recipients of such aid to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.".

(c) (1) Clauses (1) and (2) of section 1403 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to the permanently and totally disabled,".

(2) Clause (3) of such section 1403 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disable, or both, and for no other purpose" and inserting in lieu thereof "including services which, in order to minimize the need for aid to the permanently and totally disabled are provided by staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care."

EFFECTIVE DATE

SEC. 505. The amendments made by sections 501 (b), 502 (b), 503 (b), and 504 (b) shall become effective July 1, 1956.

Amend the title so as to read: "An act to amend title II of the Social Security Act to provide for the payment of disability insurance benefits, to reduce to sixty-two the age at which certain women may qualify for benefits, to provide for continuation of child's benefits for children who are disabled before attaining age eighteen, and to extend coverage; to amend the public assistance provisions of such Act to provide separate matching of assistance expenditures for medical care, and to otherwise revise and improve such public assistance provisions; and for other purposes."

(Re amendments by Senators Johnston and Langer:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your requests of February 13, 1956, and March 2, 1956, for a report on amendments intended to be proposed by Senator Johnston of South Carolina and Senator Langer, to H. R. 7225, a bill to amend title II of the Social Security Act now being considered by the committee.

Both amendments would provide for reducing from 65 to 60 the minimum age at which old-age and survivors insurance benefits are payable. (H. R. 7225 as passed by the House of Representatives provides for lowering the eligibility age to 62 for women; the eligibility age for men would remain at 65.)

Lowering the eligibility age for all workers and their dependents and survivors may tend to encourage employers to retire workers at an earlier age than is now customary. For economic and psychological reasons, it is desirable that these older workers be permitted to continue working as long as they are able or wish to. If the normal retirement age for workers is lowered, there will undoubtedly be a lowering of the age at which those seeking work find it difficult to obtain employment. The nearer a worker is to retirement age, the more difficult it is for him to obtain employment, since employers hesitate to hire persons whose potential length of service is short.

In view of the fact that the life span of our people is lengthening, it is of even greater importance to make it possible for all older people who wish to do so to continue in active employment as long as possible. Securing jobs at age 60 is undoubtedly often difficult, but this is also true in some occupations at age 40

or 45. Early retirement does not seem to be the solution. Rather, the solution would appear to be continued efforts in the development of additional employment opportunities for older workers. Great forward steps are being taken through programs of training and counseling and plans of private industry to create new types of employment for older persons. These efforts, which are of great significance for the welfare of our older citizens, could be severely retarded and even reversed by a reduction in the age of eligibility for old-age and survivors insurance benefits.

A lowering of the eligibility age under old-age and survivors insurance might prove to be a disservice not only to workers but also to the Nation, which should not be deprived of the productivity of older workers. To the extent that earlier retirements resulted from lowering the eligibility age under old-age and survivors insurance, the ratio of nonproducers to productive workers would be increased.

If the age of eligibility were reduced to 60 for both men and women, the cost of the program would be increased by approximately 2.25 percent of payroll on a level-premium basis, an increase equivalent to about 30 percent of the present level-premium cost. We urge that this additional cost not be incurred.

Not only would additional costs be incurred under old-age and survivors insurance; it might be that additional costs would ensue under old-age assistance also. Lowering the age of eligibility under old-age and survivors insurance could very well set a precedent for recommendations that the same be done under old-age assistance. The financial implications of lowering the eligibility age for old-age assistance are substantial, both for the Federal Government and for the States. If the eligibility age for both men and women under old-age assistance were to be lowered to 60, the additional annual cost to the Federal and State Governments would be about $210 million, with about $117 million of this amount coming from Federal funds.

We therefore recommend that the amendments not be enacted.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

M. B. FOLSOM, *Secretary.*

(The amendments referred to follows:)

[H. R. 7225, 84th Cong. 2d sess.]

AMENDMENTS Intended to be proposed by Mr. Johnston of South Carolina to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 5, beginning with line 22, strike out all over to and including line 4 on page 6 and insert in lieu thereof the following:

"RETIREMENT AGE

"SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

" 'Retirement Age

" '(a) The term "retirement age" means age sixty.' "

On page 7, beginning with line 4, strike out all down to and including line 22 and insert in lieu thereof the following:

"(A) an individual who attained age sixty prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty in 1956 or, if earlier, the year in which he died;

"(B) an individual shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any individual who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

An individual shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month."

On page 28, beginning with line 22, strike out all over to line 4 on page 29 and insert in lieu thereof the following:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 60, if he did not work for the employer in the period for which such payment is made; or."

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce retirement age from sixty-five to sixty, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENTS Intended to be proposed by Mr. Langer to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 5, beginning with line 22, strike out all over to and including line 4 on page 6 and insert in lieu thereof the following:

"RETIREMENT AGE

"SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"'Retirement age

"'(a) The term "retirement age" means age sixty.'"

On page 7, beginning with line 4, strike out all down to and including line 22 and insert in lieu thereof the following:

"(A) an individual who attained age sixty prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty in 1956 or, if earlier, the year in which he died;

"(B) an individual shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any individual who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

An individual shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month."

On page 28, beginning with line 22, strike out all over to line 4 on page 29 and insert in lieu thereof the following:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty, if he did not work for the employer in the period for which such payment is made, or".

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce retirement age from sixty-five to sixty, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

(Re amendment by Senators Hennings and Symington:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 13, 1956, for a report on an amendment to H. R. 7225 proposed by Senator Hennings for himself and Senator Symington on January 24, 1956.

This amendment would provide for making permanent the temporary provisions of section 344 of the Social Security Act Amendments of 1950 (Public Law 734, 81st Cong.), as amended. The termination date for the section was extended from June 30, 1955, to June 30, 1957, by the Social Security Amendments of 1954. Section 344 makes special provision for the approval by the Secretary of Health, Education, and Welfare of certain State plans for aid to the blind. The special provisions apply to any State, as defined in the Social Security Act, which did not have a State plan on January 1, 1949, approved under title X of the Social Security Act. These jurisdictions were Alaska, Missouri, Nevada, and Pennsylvania. The law provides that such plans are to be approved even though they do not meet the requirements of clause (8) of section 1002 (b) of the act (relating to consideration of income and resources in determining need) if the plan meets all other requirements of the law. Federal financial participation, however, is available under this law only with respect to expenditures made by the State in accordance with the aforementioned income and resources requirement of the act.

Since the enactment of this law in 1950, the aid-to-the-blind plans of Missouri and Pennsylvania have been approved under it. Two other jurisdictions, Alaska and Nevada, the only others eligible to do so, have not requested approval of aid to the blind plans under its provisions, but have submitted and have had approved aid-to-the-blind plans meeting all requirements under title X. Although Missouri and Pennsylvania have had three legislative sessions since then neither has enacted the appropriate legislation to enable the State to qualify for Federal funds under title X without using section 344.

In reporting on section 344 as it appears in Public Law 734, 81st Congress, both the House Ways and Means Committee and Senate Finance Committee indicated that the section was intended as a temporary measure to give the States concerned a reasonable period of time in which to amend their laws and develop aid-to-the-blind plans that conform in all respects with the requirements of title X. The effect of accepting this amendment would be to extend on a permanent basis to the two States involved a special exemption from a provision in the Social Security Act to which all other States are adhering.

This could serve as a precedent for some States to seek special statutory treatment to enable them to avoid compliance with provisions of the Social Security Act to which other States are required to adhere.

We do not recommend the adoption of this amendment. The existing legislation has more than 1 year before it expires and in that time the 2 States involved will have had opportunity to enact appropriate legislation to enable their aid-to-the-blind programs to operate in full conformity with the requirements of the Social Security Act.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendment referred to follows:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. HENNINGS (for himself and Mr. SYMINGTON) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: On page 28, between lines 4 and 5, insert the following new section:

EXTENSION OF PROVISION RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 110. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, Eighty-first Congress), as amended, is amended to read as follows:

"(b) The provisions of subsection (a) shall be effective on and after October 1, 1950."

(Re amendment by Senator Kerr and others:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., March 23, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
310 Senate Office Building, Washington, D. C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of February 13, 1956, relative to proposed amendments to the social security revision bill, H. R. 7225.

The amendments in question embody the provisions of S. 627, a bill "To provide supplementary benefits for recipients of public assistance and benefits for others who are in need through the issuance of certificates to be used in the acquisition of surplus agricultural food products," on which the Bureau of the Budget reported to your committee on August 30, 1955.

This amendment would establish a temporary program for distributing foods, defined as surplus, to needy persons by means of a system of food certificates. These certificates would be issued by the Secretary of Health, Education, and Welfare to State and local welfare agencies and distributed by those agencies to public assistance recipients, unemployment insurance beneficiaries, and other needy persons for use in the purchase of surplus foods. The Secretary would be required to provide for redemption of certificates through banking institutions. These amending provisions would expire on June 30, 1957.

The objectives of the amendment—to reduce Federal surpluses of food and to aid people in want—are desirable. However, after careful analysis, the Departments of Agriculture and Health, Education, and Welfare have reached the conclusion, concurred in by the Bureau of the Budget, that the proposed measure would not be as effective as the present food distribution program in promoting these objectives.

At the present time surplus foods are distributed directly to people in need under a procedure whereby the Federal Government, by arrangement with State officials, ships commodities into the States for distribution to the needy. In the fiscal year 1955, the Government made domestic distribution of surplus price-support foods which cost $168 million. A considerable portion of this was distributed to needy people. The value of this food at retail would, of course, have been much greater. At present this distribution is carried on in 38 States and benefits 3 million people. It is to be expected that the current program will continue to grow as more States take advantage of this distribution system and extend its benefits to additional communities and to more of their needy families.

The proposed food-certificate plan would apply to any agricultural commodity selling below its parity price. As a result, it would cover a much wider range of foodstuffs than is included in the present surplus distribution program. As a matter of fact, it would not be concerned directly with the existing Government surpluses, but instead would apply to a wide variety of commodities. The consequence is that, even if a food-certificate plan were enacted, the Federal Government would still have to carry on a separate surplus-distribution program as at present in order to dispose of commodities acquired under the price-support program. There is a serious question as to whether such an elaborate and expensive program should be inaugurated in a period of full employment, particularly when we already have in operation a more direct and more selective system for providing needy people with price-support commodities accumulated by the Federal Government.

It is difficult to estimate the cost of the proposed food-certificate plan, but it is noteworthy that, if all States were to take advantage of it on behalf of their needy eligibles, the total cost could approach $1 billion a year. In addition, such a program would require an elaborate and costly administrative structure to distribute, control, and redeem food certificates. Policing the program to minimize fraud would undoubtedly create difficulties that would add to administrative costs.

For the reasons given above, the Bureau of the Budget recommends against enactment of the proposed amendment to H. R. 7225.

Sincerely yours,

(Signed) PERCY RAPPAPORT, *Assistant Director.*

(The amendment referred to follows:)

[H. R. 7225, 84th Cong., 2d sess.]

Amendment intended to be proposed by Mr. KERR (for himself, Mr. FREAR, Mr. CLEMENTS, Mr. MANSFIELD, Mr. DWORSHAK, Mr. LANGER, Mr. HILL, Mr. SMATHERS, Mr. WILEY, Mr. ELLENDER, Mr. CHAVEZ, Mr. KEFAUVER, Mr. LONG, Mr. EASTLAND, Mr. YOUNG, Mr. SYMINGTON, Mr. JOHNSTON of South Carolina, Mr. MONRONEY, Mr. MCCLELLAN, Mr. DOUGLAS, Mr. HUMPHREY, Mr. SPARKMAN, and Mr. STENNIS) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new title:

TITLE III—USE OF SURPLUS FOOD TO PROVIDE SUPPLEMENTARY BENEFITS FOR RECIPIENTS OF PUBLIC ASSISTANCE AND OTHER NEEDY PERSONS

SEC. 301. This title may be cited as the "Surplus Food Certificate Act of 1956."

STATEMENT OF PURPOSES

SEC. 302. It is the purpose of this title (a) to provide supplementary benefits for individuals receiving assistance (1) under the programs of old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled provided for in titles I, IV, X, and XIV of the Social Security Act, (2) under the unemployment compensation laws of any State, and (3) under the programs of public assistance of any State or political subdivision thereof; (b) to provide benefits for certain needy individuals not receiving public assistance; and (c) at the same time to provide for increased domestic consumption of surplus agricultural food products by establishing a program under which the monthly benefit payments of individuals receiving such payments will be supplemented, and, in the case of individuals not receiving public assistance, aid will be extended, through the issuance of certificates which may be transferred to retail food product dealers in exchange for surplus agricultural food products at prevailing market prices and which shall be redeemed at face value by the United States upon presentation by authorized transferees.

DEFINITIONS

SEC. 303. As used in this title—

(a) The term "agricultural commodity" means any food product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, food products of livestock and poultry, and honey.

(b) The term "surplus agricultural food product" means an agricultural commodity specified in an announcement made by the Secretary of Agriculture under section 304, which is in a form suitable for human consumption, and includes any food product processed or manufactured in whole or substantial part from any such commodity.

(c) The term "State" includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(d) The term "Secretary" means the Secretary of Health, Education, and Welfare.

SURPLUS AGRICULTURAL COMMODITIES

SEC. 304. The Secretary of Agriculture is authorized and directed, for the purpose of this title, to determine and announce for each month the agricultural commodities with respect to which supplies exceed domestic demand to such an extent as to depress the market price below the parity price thereof.

ELIGIBILITY FOR SURPLUS FOOD CERTIFICATES

SEC. 305. (a) The following shall be eligible to receive surplus food certificates for any month:

(1) Every individual who is a recipient of assistance or benefits for such month under the programs of old-age assistance, aid to dependent children, aid to the blind, or aid to the permanently and totally disabled provided for in titles I, IV, X, and XIV, respectively, of the Social Security Act.

(2) Every individual who is a recipient of unemployment compensation benefits for such month from any State.

(3) Every individual who is the recipient of financial assistance for such month provided for the needy by any State or political subdivision thereof.

(4) Every needy individual with respect to whom the Secretary has received a certification for such month from the welfare or public assistance agency of a State or political subdivision thereof under an agreement entered into pursuant to subsection (b) of this section.

(b) The Secretary is authorized to enter into agreements with the welfare or public assistance agency of any State or political subdivision thereof whereby such agency shall certify to the Secretary, under regulations to be prescribed by the Secretary, the names of individuals of such State or political subdivision who are in need of public assistance but are not eligible for food certificates under paragraph (1), (2), or (3) of subsection (a), and the Secretary shall issue surplus food certificates to be distributed to such individuals.

ISSUANCE OF SURPLUS FOOD CERTIFICATES

SEC. 306. (a) The Secretary shall provide for the preparation of surplus food certificates for issuance to individuals eligible therefor under section 305. Such certificates shall be $10 in face amount and shall be in such denominations as the Secretary shall determine. They shall be issued monthly and shall be valid only with respect to purchases made during the month for which they are issued.

(b) Surplus food certificates shall be distributed by the Secretary, in the case of State agencies making payments to individuals under the programs referred to in paragraphs (1), (2), and (3) of section 305 (a), to the State agency making such payments, and, in the case of an individual eligible to receive surplus food certificates under paragraph (4) of such section, to the State agency which certified the name of such individual to the Secretary. Subject to such rules and regulations, as may be prescribed by the Secretary, the eligibility of any individual for surplus food certificates shall be determined by the State agency making the payment by reason of which the individual is eligible for such certificates.

(c) Surplus food certificates shall not be transferred except as provided in this title, and shall be valid only with respect to purchases made by or on behalf of the person to whom they are issued.

REDEMPTION OF SURPLUS FOOD CERTIFICATES

SEC. 307. (a) The Secretary shall provide for redemption, through the cooperation of banking institutions throughout the Nation, of surplus food certificates. For such purposes, he shall designate banking institutions which shall be authorized to accept such certificates from sellers of food products at retail. Institutions so designated shall pay at the time of presentation in cash or by credit to a demand deposit the full value of all surplus food certificates presented to them.

(b) Banking institutions accepting surplus food certificates may present to the Secretary, or such other agency as the Secretary may designate, evidence of the deposit with them of surplus food certificates presented by retail sellers of food products, together with appropriate vouchers. Such evidence of deposit and vouchers shall be considered complete documentation for payment and payments may be made thereon.

(c) The Secretary may advance moneys to banking institutions, where such action appears necessary, to provide funds for the redemption of surplus food certificates. Such advances shall be accounted for by such banking institutions at least monthly.

(d) The Secretary may contract to pay banking institutions designated to receive surplus food certificates a charge determined by the Secretary to be reasonable for the services rendered in acting as such depositories.

SEC. 308. The Secretary may, from time to time, issue such rules and regulations as he deems necessary or proper in order to carry out the purposes and provisions of this title.

CRIMINAL PROVISIONS

SEC. 309. (a) Whoever shall falsely make, alter, forge, or counterfeit or cause or procure to be falsely made, altered, forged, or counterfeited any surplus food certificate or certificate similar thereto for the purpose of obtaining or receiving, or of enabling any other person to obtain or receive, directly or indirectly, from the Unted States or any of its officers or agents, any money or other thing of value, and whoever shall transfer or utter as true, or cause to be transferred or uttered as true, any such false, forged, altered, or counterfeited suplus food certificate or certificate similar thereto, with intent to defraud the United States, or any mercantile establishment, banking institution, or person, shall, upon conviction thereof, be fined not more than $5,000 or imprisoned not more than ten years, or both.

(b) Any person not being so authorized by this title or the regulations issued pursuant thereto, who shall have surplus food certificates in his possession or under his control, or any person who shall use, transfer, or acquire surplus food certificates in any manner not authorized by this title, or the regulations issued pursuant thereto, or who shall buy, sell, or exchange surplus food certificates without being authorized to do so by this title or regulations issued pursuant thereto shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than one year, or both.

SEC. 310. The Secretary shall make an annual report to Congress describing the operations of the surplus food-certificate plan and such report shall include information wth respect to the following: The number of individuals entitled to receive such certificates; the extent to which such plan has been effective in improving or maintaining health; the effect of such plan on the expenditure habits of recipients of such certificates; the extent to which such plan increases the consumption of agricultural products; the benefits derived from the plan by wholesalers, retailers, processors, and producers of agricultural products; the extent to which such certificates have been improperly used, and the amounts and type of administrative expenditure incurred in carrying out such plan.

SEC. 311. The Secretary of Agriculture is authorized to transfer to the Secretary for use in carrying out the provisions of this title, funds made available under section 32 of the Act of August 24, 1935 (Public Law Numbered 320, Seventy-fourth Congress) to the extent that the Secretary of Agriculture determines that such transfer will carry out the purposes of such section and to the extent that such funds may be so transferred without interfering with other programs under such section. There are hereby authorized to be appropriated such further sums as may be necessary to carry out the provisions of this title.

SEC. 312. Supplementary benefits received under this title shall not be deemed to be income or resources for the purpose of sections 2 (a) (7), 402 (a) (7), 1002 (a) (8), and 1402 (a) (8) of the Social Security Act.

SEC. 313. The provisions of this title shall expire on June 30, 1957, except that the provisions of section 307 relating to the redemption of surplus food certificates shall continue in effect until December 31, 1957.

(Re amendment by Senator Kerr and others:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D. C., March 22, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 13, 1956, for a report on an amendment intended to be proposed by Senator Kerr and 22 others, to H. R. 7225, to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

The amendment would add a new title relating to "use of surplus foods to provide supplementary benefits for recipients of public assistance and other needy persons." This title would establish a temporary program for distribution of surplus foods to needy persons by means of a system of food certificates. Such certificates would be issued by the Secretary of Health, Education, and Welfare to State and local welfare agencies and distributed by those agencies without charge to public-assistance recipients, unemployment-insurance bene-

ficiaries, and other needy persons for use in the purchase of designated surplus foods. The provisions of the bill would expire on June 30, 1957, except that food certificates could be redeemed until December 31, 1957.

We endorse the objective of making surplus food available to needy groups in the population. The amendment has two purposes: (1) to reduce Federal surpluses of foods, and (2) to improve the welfare of needy persons. The question raised by the proposed amendment is not whether to have a program for making surplus food available to needy persons, but rather what type of program will best achieve the objectives.

The Federal Government is presently making surplus foods available to needy persons through a direct distribution method, as distinct from an indirect, stamp-plan method. Under the existing plan of direct distribution the food is purchased by the Federal Government, packaged, and delivered in carload lots at no cost to States at such points within the States as the official agencies may designate. The program is well established: in March of this year surplus foods will be distributed to over 3 million persons in 38 States. The quantity of food distributed increased from 37.5 million pounds in fiscal 1954 to 201.2 million pounds in fiscal 1955 and it is expected that more than 300 million pounds will be distributed in fiscal 1956. Geographic coverage is still incomplete in many States, and by broadening it, States could considerably increase distribution, if they so desire. Because the items distributed as well as the timing and quantities of them can be controlled, the program is highly effective in moving particular commodities at the times when such movement is most to be desired. While the program undoubtedly presents problems of transportation, warehousing, and refrigeration along with other problems to States and localities, the rapid growth of the program shows that these problems can be met successfully.

Returning now to the proposed stamp plan, we must consider it in relation to several factors: (1) The magnitude and cost of the program, (2) its probable effectiveness in reducing food surpluses, and (3) its effectiveness in aiding needy people.

MAGNITUDE OF COST

Estimates of the size and cost of the program are admittedly difficult to make due to uncertainties as to how many persons would participate. There are about 5½ million recipients of the federally aided public assistance programs and of general assistance. Certain other needy groups would be eligible if properly certified. Accordingly, even though not all public assistance recipients would be able to, or wish to, participate, an estimate of 7 million participants does not appear unreasonable. If an average of 7 million persons each month received and used stamps valued at $10, the annual cost of stamps to the Federal Government would be $840 million. In addition to this expenditure, there would be relatively costly administrative machinery necessary to effect the issuance, redemption, and accounting for stamps. While some saving might be effected due to reductions in the number of needy persons served under the present direct distribution program, it is not apparent that these savings would be substantial.

The bulk of the foods presently being distributed come from stocks already held in Government warehouses, and distribution machinery would have to be kept for distribution to school-lunch programs and institutions. The stamp plan would add another program, rather than replace, the existing system. It accordingly appears reasonable to believe that the proposed program would result in an additional expenditure of the magnitude of $1 billion annually. While such an expenditure might be warranted in periods during which economic conditions were adverse, we do not believe that it is justifiable at this time.

EFFECTIVENESS IN REDUCING SURPLUSES

The second question to consider is how effective the stamp plan would be in reducing food surpluses. On this point, the Department of Agriculture has stated in a report to this committee that the plan would have very little or no effect on existing surpluses, and that at most it would have some lessening effect on the size of future additions to our surplus supply. The Department of Agriculture has concluded that the plan would not be as effective in reducing surpluses as the current direct distribution program.

Earlier experience of welfare agencies with the food-stamp plans operated in 1937–43 indicates that problems of compliance in connection with a food-stamp

system are substantial. Grocers were frequently under pressure to give items other than surplus foods in exchange for the stamps, which were then redeemed as though they had been used as intended.

EFFECTIVENESS IN AIDING NEEDY PEOPLE

From the welfare viewpoint, we believe that the stamp plan would be of limited benefit for welfare recipients.

While State appropriations for public assistance are matched by Federal funds, the amount of the State appropriation in effect controls the total amount of assistance granted to individuals. It is unlikely that in making appropriations State legislatures take account of surplus commodities that are distributed directly. The items and quantities are unpredictable and cannot readily be attributed a cash value in advance of actual distribution.

A quite different situation arises, however, when stamps of a known value of $10 a month are distributed to recipients. We think there is sufficient reason to believe that such a resource would be taken into account by State appropriating bodies that the effects of such consideration must be examined. To the extent this occurs, the situation of the recipients is worsened rather than improved, and the beneficiary is the State or locality that has transferred costs that it would normally bear to the Federal Treasury.

In general, we believe that individual self-respect is best maintained and the prospect of self-support is enhanced when recipients receive and spend money in the same way as other members of the community. Except for some payments made directly for medical care, assistance under the federally-aided public assistance programs is provided in the form of money payments. The Federal share for the country as a whole is about 56 percent and in the States with lowest payments exceeds 75 percent. We do not believe that additional Federal participation, even on an indirect basis such as a stamp plan would provide, is needed or warranted.

The amendment proposes a temporary program. It seems doubtful, however, that a program of this scale, once instituted, would be terminated abruptly at the end of 1 or 2 years.

Finally, the proposed amendment would require the Department of Health, Education, and Welfare to engage in activities and involve itself in issues and problems that are appropriately the function of the Department of Agriculture.

In view of the foregoing considerations, we would recommend against adoption of this amendment.

The Bureau of the Budget advises that there is no objection to the presentation of this report.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(See p. 1311 for amendment referred to.)

(Re amendment by Senator Bricker:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D. C., March 28, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 13, 1956, for a report on the amendments intended to be proposed by Senator Bricker to H. R. 7225, a bill to amend title II of the Social Security Act, now being considered by the committee.

One of the provisions of the amendments intended to be proposed would amend section 1401 of the Internal Revenue Code of 1954 to provide that the rate of the social-security tax on earnings derived from farm self-employment covered by old-age and survivors insurance shall be the same as the social-security tax rate applicable to employees with respect to wages paid for covered employment. Under present law, the social-security tax rate on self-employment income is three-fourths of the combined employer-employee rate applied to covered wage-earners. The self-employment tax rate is 3 percent for the period 1955 through 1959; thereafter the rate is scheduled to increase gradually to 6 percent by 1975. The social-security tax that employers and employees must pay on wages from covered employment is 2 percent each from 1955 through 1959; thereafter the rate increase gradually to 4 percent each by 1975. Thus, the immediate effect of the proposed amendment would be to lower the social-security tax rate on a

farmer's covered farm self-employment income from 3 percent to 2 percent; the ultimate effect, in accordance with the present tax schedule, would be to lower the social-security tax rate for farmers from 6 percent to 4 percent.

Under the second change contemplated by the proposed amendments, employers of farmworkers covered by the old-age and survivors insurance program would be exempt from the payment of the social-security tax that section 3111 of the Internal Revenue Code applies to employers of workers covered by the old-age and survivors insurance program. The effect of this amendment would be to provide old-age and survivors insurance protection for farm workers and their families without the payment of any employer tax, thus providing this protection at one-half the rate paid for other covered workers. As indicated by the social-security tax rates mentioned above, the immediate effect of this proposed amendment would be to provide old-age and survivors insurance protection for farmworkers and their families for 2 percent of covered farm wages instead of 4 percent; the ultimate effect, according to the present tax schedule, would be to provide this protection for 4 percent of covered farm wages instead of 8 percent.

A reduction in the tax rates to be paid by self-employed farmers and by employers of agricultural labor, as provided in the proposed amendments, would decrease appreciably the tax income of the old-age and survivors insurance program. This reduction, of course, would increase as the old-age and survivors insurance contribution rate goes up in accordance with the present schedule. The long-range effect would be to reduce by about 0.12 percent of payroll the level-premium equivalent of the contribution schedule, thus reducing the actuarial balance of the system by this amount. In other words, the effect of the amendments intended to be proposed would be to decrease the income to the system by 0.12 percent of payroll on a level-premium basis without providing any offsetting decrease in cost.

The proposed amendments also would produce major inequities that might well undermine public confidence in the old-age and survivors insurance program. Under the present social-security law, all covered self-employed persons contribute to the old-age and survivors insurance program at the same tax rate. Moreover, the social-security tax rate applicable to wages paid for covered employment is the same for all employers and employees. The effect of these amendments would, in general, be that one group of self-employed persons—farmers—would be afforded old-age and survivors insurance protection for themselves at reduced rates, and one group of employers—also farm people—would be relieved of contributions toward the protection of their farm employees. Providing such special treatment would be unfair to all other self-employed people covered by the old-age and survivors insurance program and to the employers of covered nonfarm workers.

The special treatment proposed for farm employers is particularly undesirable because it violates one of the basic principles of the old-age and survivors insurance system—that employers should pay part of the cost of the social-security protection of their workers. Part of the cost of protecting employees and their dependents against income loss due to old age or death has been accepted, generally, as a reasonable charge against the cost of production. It is appropriate and reasonable that employers in covered employment, both farm and nonfarm, should share in the cost of the old-age and survivors insurance system that not only protects their own employees but also promotes the welfare of the Nation as a whole. We see no justification for relieving one group of employers of their responsibilities under the old-age and survivors insurance program.

For these reasons, we recommend that the proposed amendments to H. R. 7225 not be enacted.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendments referred to follow:)

[H. R. 7225, 84th Cong. 2d sess.]

AMENDMENTS Intended to be proposed by Mr. BRICKER to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 33, at the beginning of line 24, insert "(a)".

On page 34, line 2, after "individual" insert "except as provided in subsection (b) of this section,".

On page 34, at the end of line 22 add the following: "(b) In addition to other taxes, there shall be imposed each taxable year, on the self-employment income of every individual derived from the production of agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife), a tax at the rate prescribed in section 3101 of the Internal Revenue Code."

On page 36, line 5, after "employer" insert ", other than an employer of persons engaged in the production of agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife),".

(Re: Amendment by Senator George:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 13, 1956, for a report on an amendment, intended to be proposed by Senator George, to H. R. 7225, a bill to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

The amendment would permit the State of Georgia to treat as a separate group, for purposes of a referendum and subsequent coverage under old-age and survivors insurance, employees in any of the following groups whose positions are covered by the employees' retirement system of Georgia: (1) State employees in the State department of labor, (2) State employees in the department of labor who are compensated in whole or in part from Federal funds under the unemployment compensation provisions (title III) of the Social Security Act, or (3) State employees in the department of labor other than those specified in (2).

Under the provisions of section 218 (d) of the Social Security Act, all employees of the State (except those in institutions of higher learning) whose positions are under the same retirement system must be treated as a single coverage group for purposes of old-age and survivors insurance coverage. Before any of the group can be covered a referendum must be held among all the State employees who are active members of the system and a majority of them must vote in favor of coverage. The proposed new subsection would enable an individual State to hold a separate referendum for one department of the State government or for certain employees of that department even though the employees are members of a retirement system that includes other employees.

This Department is, as you know, sympathetic with the objective of extending old-age and survivors insurance coverage wherever it is possible to do so consistent with general program principles. One of the principles that has been followed is that individuals in similar situations should be given similar treatment under the law. The situation of the employees for whom special treatment is proposed by the amendment differs from that of other State employees only in that all or part of the employees in the special group are compensated from Federal funds. We believe that the committee may wish to consider whether special treatment based on such a difference in situation would be consistent with the principle just mentioned.

The enactment of a special provision applicable to the group in question would no doubt give rise to many other requests for special treatment based on the occupations or other special characteristics of employees. If the Congress were to honor such requests for special legislation, the social-security law would be subject to frequent minor amendments, each affecting a relativey small group of employees. Such amendments could nullify the effect of the general provisions of law, which the Congress intended to prevent the breaking up of coverage groups, on the ground that such breaking up might lead to coverage units small enough to involve possible adverse selection of risks. Since payment of certain State employees from Federal funds is not limited to the State of Georgia or to the area of unemployment compensation, the enactment of the proposed amendment would seem especially likely to give rise to other requests on behalf of

employees of other States, and perhaps on behalf of other employees of the State of Georgia, for similar treatment.

For the reasons mentioned, we do not recommend the enactment of the proposed amendment. If the committee should conclude, however, that a provision affording special treatment to employees on the basis of their being compensated from Federal funds should be adopted, we would urge that the provision be of such a general nature as to be applicable, on an optional basis, to all States.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendment referred to follows:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. GEORGE to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 21, after line 24, add the following new subsection:

CERTAIN EMPLOYEES OF THE STATE OF GEORGIA

(f) Section 218 of such Act is amended by adding after subsection (o) thereof the following new subsection:

"CERTAIN EMPLOYEES OF THE STATE OF GEORGIA

"(p) For the purposes of subsection (d), the Employees' Retirement System of Georgia shall, notwithstanding the provisions of paragraph (6) of such subsection, be deemed to be, if the State of Georgia so desires, a separate retirement system with respect to any of the following: (1) employees of such State in the department of labor thereof in positions covered by such retirement system; (2) employees of such State in the department of labor thereof in positions covered by such retirement system who are compensated in whole or in part from grants made to such State under title III of the Social Security Act; or (3) employees of such State in the department of labor thereof in positions covered by such retirement system other than employees specified in paragraph (2)."

(Re amendment by Senator Williams:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 13, 1956, for a report on an amendment intended to be proposed by Senator Williams to H. R. 7225, a bill to amend title II of the Social Security Act now being considered by the committee.

The amendment provides for termination of the old-age and survivors insurance benefit rights of indiiduals convicted of espionage, sabotage, treason, sedition, subversive activities or similar offenses specified in title 18 of the United States Code and in the Internal Security Act of 1950. The Attorney General would be required to furnish the Secretary of Health, Education, and Welfare with a list of individuals who have been convicted of such crimes and to notify the Secretary of individuals so convicted in the future.

An individual establishes rights to benefits under the old-age and survivors insurance program by working in employment or self-employment covered by the law and paying social-security contributions on his earnings. The costs of benefits and administration are met in their entirety from the contributions of covered workers, their employers, and self-employed persons There is no contribution from general tax revenues.

One of the basic purposes of paying benefits under the old-age and survivors insurance program is to reduce the likelihood that individuals will have to apply for public assistance to meet their basic living costs when their work income is greatly reduced or ceases altogether at 65 or when the family earner dies. If benefit rights of individuals convicted of crimes were terminated and the individuals later had to apply for public assistance, the cost of supporting them would fall on the general taxpayer.

Moreover, if benefit rights of persons convicted of these crimes were terminated, a worker insured under old-age and survivors insurance would suffer a greater punishment than an individual whose work was in noncovered employment or who was not dependent on earnings from employment for his support. The punishment would be one that would last for the rest of the individual's life. Generally, the Criminal Code sets a maximum limit on the punishment an individual may receive—the amount of the fine and the length of the prison sentence—and gives the court discretion as to the action taken in the individual situation. Under the Criminal Code, for example, an individual who is convicted of the crime of seditious conspiracy may not be fined more than $5,000 or imprisoned more than 6 years, or both. Courts frequently do not impose the maximum sentence permitted. Under the amendment, however, the individual could work in covered employment after completion of his sentence, pay taxes on this employment and yet acquire no benefit rights on the basis of this post-sentence employment.

Moreover, the amendment would apply not only prospectively—i. e., in the case of crimes committed in the future and benefit rights acquired in the future—but also retroactively. It would, thus, apply to (1) benefit rights acquired in the past, whether the crime was committed before or after enactment, and (2) to crimes committed in the past, whether the benefit rights were acquired or the benefits became payable in the past or in the future.

As in the case of private pension and group insurance payments and as in the case of wages and salaries, benefits under old-age and survivors insurance are work-connected payments. It is this work connection—the fact that they are earned through work—that establishes the basic character of the benefits. Hence, under present law benefits are paid to an insured worker and his eligible dependents or survivors without taking into account his attitudes, opinions, behavior, or personal characteristics The right to benefits having been earned, the individual's actions do not modify or restrict that right.

Because the deprivation of benefits as provided in the amendment is in the nature of a penalty and based on considerations foreign to the objectives and provisions of the old-age and survivors insurance program, the amendment may well serve as a precedent for extension of similar provisions to other public programs and to other crimes which, while perhaps different in degree, are difficult to distinguish in principle.

The present law recognizes only three narrowly limited exceptions to the basic principle that benefits are paid without regard to the attitudes, opinions, behavior, or personal characteristics of the individual: (1) Under section 202 (n) of the Social Security Act benefits will not be paid to individuals who have been deported from the United States under certain sections of the Immigration and Nationality Act on conviction of certain crimes including subversive activities for the period that they are out of the country—on legal entry benefits may again be paid; (2) section 404,344 of regulations No. 4 bars dependent's benefits payments to an individual found guilty of the felonious homicide of the insured worker; and (3) under sections 740 (b), (c), and (d), title 5 of the United States Code, officers and employees of the Federal Government convicted of certain offenses, including treason, sedition, and other subversive activities, committed in the exercise of their "authority, influence, power, or privilege as an officer or employee of the Government" cannot receive social-security credit for their Federal Government employment, but may receive credit for earnings in other covered employment. This latter exception applies, therefore, only where abuse of the Federal office which the individual held is involved. None of these restrictions is analogous to the broad departure in principle which would be involved in the amendment intended to be proposed by Senator Williams.

In view of these considerations, we would recommend that the amendment not be enacted by the Congress.

Time has not permitted us to clear this report with the Bureau of the Budget.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendment referred to follows:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. WILLIAMS to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: On page 28, between lines 4 and 5, insert the following:

TERMINATION OF BENEFITS UPON CONVICTION OF ESPIONAGE, SABOTAGE, TREASON, SEDITION, OR SUBVERSIVE ACTIVITIES

SEC. 110. (a) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"TERMINATION OF BENEFITS UPON CONVICTION OF ESPIONAGE, SABOTAGE, TREASON, SEDITION, OR SUBVERSIVE ACTIVITIES

"(o) (1) If any individual is or has been convicted of an offense under chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or under section 4, 112, or 113 of the Internal Security Act of 1950, then, notwithstanding any other provision of this title, no monthly benefit under this section shall be paid to such individual for any month after the month in which the Secretary is notified by the Attorney General that such individual has been so convicted.

"(2) As soon as practicable after the date of the enactment of this subsection, the Attorney General shall furnish the Secretary with a complete list of all individuals who have theretofore been convicted of offense under the provisions of law enumerated in paragraph (1) of this subsection; and as soon as practicable after the conviction of any individual under any such provision after such date, the Attorney General shall notify the Secretary of such conviction."

(b) The amendment made by subsection (a) of this section shall not be construed to restrict or otherwise affect any of the provisions of the act entitled "An Act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes," approved September 1, 1954 (Public Law 769, Eighty-third Congress).

(Re amendment by Senator Thurmond:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 27, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: In your letter of February 13, 1956, you requested reports on the amendments introduced up to that time intended to be proposed to H. R. 7225. This letter is to furnish a report on an amendment, introduced on February 14, 1956, intended to be proposed by Senators Thurmond and Johnston to H. R. 7225, a bill to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

The amendment would permit policemen and firemen who are under a State or local retirement system to be covered under old-age and survivors insurance by means of the referendum provisions applicable to other employees who are under State and local retirement systems. In addition, the amendment would permit the State to hold a separate referendum for the policemen or firemen of each political subdivision of the State and, after a favorable referendum, cover the policemen or firemen regardless of whether any other employees under the same retirement system were covered. Under present law, all of the employees of a governmental unit who are under the same retirement system must be treated as a single group for old-age and survivors insurance purposes.

The Department favors the objective of making old-age and survivors insurance coverage available to policemen and firemen under the same conditions as apply to other employees who are under State or local retirement systems (that is, a referendum must be held among the members of the system and a majority of the members must vote in favor of coverage). In its report on S. 874, dated July 30, 1955, the Department expressed this position, but recommended that legislation not be enacted without public hearings and an opportunity for consideration of the many viewpoints and factors involved.

The thorough study, including the public hearings, that your committee is now conducting affords an opportunity for the consideration that this Department recommended. Accordingly, we now recommend the removal of the provision of law that excludes from coverage under old-age and survivors insurance policemen and firemen who are under a State or local retirement system.

We have some question whether, in making old-age and survivors insurance coverage available to policemen and firemen who are under State and local retirement systems, it is desirable to permit the State to afford these employees different treatment than may be given to other classes of employees. The referendum provisions now in effect afford a guaranty that employees will not be covered unless a majority of the retirement system group favors coverage. It is true, of course, that in many cases policemen and firemen are under the same retirement system as other municipal employees, and that in some cases the wishes of policemen's or firemen's groups might, in general, not coincide with those of other employees. The proposed amendment would permit the State to hold a separate referendum for the policemen or firemen of each political subdivision. If in this instance the State were permitted to give different treatment to persons in the same situation, it would set a precedent for further breaking up coverage groups. For this reason, we would suggest the deletion of the provision in the amendment that would allow each policemen's or firemen's group to be regarded as having a separate retirement system.

We would therefore recommend that the amendment, modified as suggested above, be enacted by the Congress.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendment referred to follows:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. THURMOND (for himself and Mr. JOHNSTON of South Carolina) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: On page 21, after line 24, add the following new subsection:

POLICEMEN AND FIREMEN

(f) (1) The first sentence of paragraph (1) of subsection (d) of section 218 of such Act is amended by striking out ", and except in the case of positions excluded by paragraph (5) (A)".

(2) The second sentence of paragraph (1) of subsection (d) of section 218 of such Act is amended by striking out "(other than a position excluded by paragraph (5) (A))".

(3) Subparagraph (A) of paragraph (5) of subsection (d) of section 218 of such Act is hereby repealed.

(4) Paragraph (6) of subsection (d) of section 218 of such Act is amended by adding at the end thereof the following new sentence: "If a retirement system covers positions of employees who are firemen or policemen, then, for purposes of the preceding paragraphs of this subsection there shall, if the State so desires, be deemed to be a separate retirement system for such employees with respect to each political subdivision of the State."

(Re amendments by Senator Long and others and amendments by Senator Magnuson:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR MR. CHAIRMAN: This is in response to your request for a report on an amendment to H. R. 7225 (designated as 2-24-56-H) to be proposed by Senator Long, Senator George, and other Senators and on three amendments (3-6-56-H; 3-6-56-I; 3-6-56-J) to this amendment intended to be proposed by Senator Magnuson.[1] The amendment (designated as 2-24-56-H) known as the Long-George amendment would raise the maximum in which the Federal Government would participate in old-age assistance payments from $55 to $65 per month. In addition it would amend the formula for determining the Federal share of State expenditures for old-age assistance. At present the Federal Government pays four-fifths of the average payment up to $25; under this amendment, the Federal share would increase to five-sixths of the average payment up to $30. Above the $30 there would be 50-50 matching of $35 more, up to a maximum of $65. No change is proposed for Puerto Rico and the Virgin Islands.

The Magnuson amendments to the amendment would make essentially the same changes in aid to the blind and aid to the permanently and totally disabled. The changes proposed by Senator Magnuson in aid to dependent children would for children be proportionate to those in the other programs: for the parent or relative with whom the dependent child is living, the maximum Federal participation would be more than doubled.

The Long-George amendment and the Magnuson amendments have provisions to assure that the additional Federal funds will be paid only if the States pass on to the recipients the additional Federal funds received. Because of technical reasons explained in the enclosed staff memorandum, this type of provision is believed to be virtually unworkable, and it could have very unfortunate effects upon State fiscal planning.

In providing for a change in the formula for determining the Federal share of State payments for old-age assistance the amendment would follow closely along the lines of similar amendments for all the public assistance titles enacted by the Congress in 1946, 1948, and 1952. The 1952 amendments now in effect were enacted for a 2-year period beginning October 1, 1952, and were extended in 1954 to September 30, 1956. Each of the earlier amendments increased the maximum amount of payment in which the Federal Government can participate by $5 amounts for old-age assistance, as well as aid to the blind, from $40 a month prior to 1946 to $55 a month after the 1952 amendments. Aid to the permanently and totally disabled first enacted in 1950 was also increased to $55 in 1952. (Similar changes were made for aid to dependent children.) Whereas the original Social Security Act provided for 50-50 Federal and State sharing on all payments, the Federal share is now 80 percent of the first $25 of an old-age assistance payment.

The amendment by Senator Long, Senator George, and other Senators would raise the maximums for old-age assistance and would also raise the Federal share in State expenditures for this program to five-sixths of the first $30, committing the Federal Government to an additional $185 million per year. The amendments proposed by Senator Magnuson to the amendment would increase the total annual cost to the Federal Government to over $300 million (the additional cost for aid to dependent children would exceed $100 million, for aid to the blind $7 million and for aid to the permanently and totally disabled $17 million). Measured against other social needs we believe that the cost is excessive and that many of the effects of the proposed increases are undesirable.

The largest additional expenditures under these amendments would be for old-age assistance at a time when old-age and survivors insurance has become the major program of income maintenance for aged persons and the number of recipients of old-age assistance is gradually declining.

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[1] We have assumed that the amendment designated as 2-24-56-H supersedes an earlier amendment introduced by Senator Long on January 25, 1956, that would have increased the maximums to $65 per *month*, leaving the Federal share of State expenditures for old-age assistance the same. This proposal would have cost the Federal Government $77 million per year.

As an increasing number of persons receive old-age and survivors insurance benefits there are more and more relatively small assistance payments supplementing such benefits. The increasing number of small assistance payments adds substantially to our concern about the change in the formula in title I that would increase the Federal share from 80 percent in payments of $25 or less to 83 percent in payments of $30 or less. Public assistance would tend to become less of a partnership program between the States and the Federal Government, and more nearly a federally financed income-maintenance program. The even higher proportion of Federal aid proposed by the amendments is inconsistent with the primary responsibility of States for administration of the programs.

The growth and development of the old-age and survivors' insurance program has relieved States of the need for aiding many persons who receive their basic maintenance through old-age and survivors' insurance. This has the effect of relaxing pressures on total State funds available so that States should be better able to finance public-assistance programs. The increase in Federal funds, furthermore, is not justified because of a rise in living costs.

These amendments would be of greater benefit both in dollars and percentage-wise to the higher income States. Therefore it is an uneconomical way to increase assistance payments in low-income States, and actually is of the greatest benefit to States that have the least need for Federal aid.

Another effect of the proposed amendments is the tendency they would create toward arbitrary upward revision of assistance standards by States, without relation to increased need. The provision conditioning additional funds on maintenance by the States of their 1955 average assistance payment level would tend to prevent the States from reflecting declining assistance needs in their average assistance payments. On the other hand, such a decline in average assistance payments would be the normal result of our expanding old-age and survivors insurance program. Thus there would be strong inducement to States toward changing assistance standards in order to insure receipt of the extra Federal funds, irrespective of need.

The social security program as a whole is designed to provide certain protections to offset the hazards of living that tend toward destitution and dependency. The public assistance program under the Social Security Act is intended to serve certain disadvantaged persons in our society who either are not covered, or whose basic needs are not fully met, by social insurance. These are the needy aged, blind, disabled, and dependent children. Under the public assistance titles States are required to determine need individually for each person taking into account both his income and resources. Therefore to raise the maximums and increase the Federal share of assistance given will not result in individual needy persons receiving a uniform increase in their assistance payments under the amendments. This implication of a uniform increase leads to misunderstanding and dissatisfaction when increases in the Federal share are not automatically passed on to individual recipients.

The approach of this administration has been to draw up a balanced and broadened program for all the public assistance titles, and to place a constructive emphasis in the assistance programs toward helping persons to reestablish their capacity for self-support and self-care. As embodied in S. 3139 it recognizes the development of the old-age and survivors insurance program in amending the formula for Federal sharing in old-age assistance so that after July 1 1957, the Federal share would be one-half of payments up to $55 made to recipients whose assistance payments supplement a benefit received under the old-age and survivors insurance program, and who did not receive old-age assistance prior to that date. This bill also proposes to extend the temporary amendments to the matching formulas enacted in 1952 and extended in 1954 from their present expiration date of September 30, 1956, to June 30, 1959.

Additional constructive measures are included in the administration's bill, particularly a provision for Federal sharing in the cost of medical care in behalf of public assistance recipients. Even the $65 maximum provided under the Long-George and Magnuson amendments would continue to bar Federal sharing in that portion of high assistance payments exceeding $65. Thus, this proposal would not effectively reach the problem of greatest need: The need for medical care, which is found among public assistance recipients to a greater extent than in the general population. The administration proposal, on the other hand, provides (in effect) a "pool" of combined Federal-State-local funds for medical care costs out of which payments of as much as $200 a month or more on behalf of a recipient can be made when there is a need for them.

The amendment also fails to recognize the importance of restoring insofar as possible these needy disadvantaged persons to self-sufficiency and personal

independence. The Administration's proposals would emphasize the prevention of dependency. S. 3139 includes a provision for encouraging the States to provide services to promote self-support or self-care among public assistance recipients, to establish grants for the training of staff for public welfare programs, and authorizes cooperative research and demonstration projects in social security, all of which will promote more effective administration and increased rehabilitation of needy people.

For the foregoing reasons, we would recommend that the Congress not adopt the amendments to H. R. 7225 discussed herein, but rather that it enact the proposals contained in S. 3139 for the benefit of our needy, aged, dependent children, disabled, and blind persons. We believe that S. 3139 offers a constructive approach to these programs that would do more for many individuals than the proposed amendments.

The Bureau of the Budget advises that there is no objection to the presentation of this report.

Sincerely yours,

M. B. FOLSOM, *Secretary.*

BUREAU OF PUBLIC ASSISTANCE STAFF MEMORANDUM

The pass-on provision in the Long-George and Magnuson amendments to H. R. 7225 states that States must spend as much per recipient from State and local funds as they did in the calendar year 1955 or receive Federal funds under the present formula rather than under the revised formula proposed in the amendment. The pass-on provision as it is written would result in such serious administrative and fiscal problems in the States that it can fairly be said to be unworkable.

DISADVANTAGES OF ANY PASS-ON PROVISION

We have considered pass-on provisions in the past and have recommended against any such provision for the following reasons:

1. Pass-on provisions require States to determine their expenditures on the basis of experience in the base period rather than on needs in the current period. One of the primary advantages of public assistance, on the other hand, has been its ability to respond to changing needs.

2. Pass-on provisions are likely to affect the lower-income States more than others. The lower-income States, because of their limited resources, are more likely than others to be forced to decrease State and local expenditures in the face of pressing demands for State support of other public services. The pass-on provision thus might further penalize these States when they most need Federal help.

3. Pass-on provisions introduce administrative and fiscal complications for both State and Federal Governments. Elaborate bookkeeping and auditing devices would be required to check whether State expenditures had in effect decreased and apply to the formula which would result in less Federal funds to the States.

4. Pass-on provisions complicate State fiscal procedures because they make uncertain the amount of Federal funds that will be received. States are unable to estimate with a penny accuracy what expenditures will be in a future period. A State could intend to meet the pass-on provision and fail unless, to play safe, it raised payments considerably above the amount needed to meet the pass-on provision. Insofar as such juggling with assistance standards takes place, the programs will respond to the pass-on provision rather than to changing needs in the States.

DISADVANTAGES OF THE PARTICULAR PROVISION IN THE LONG AMENDMENT

The pass-on provision in the Long amendment has the following specific disadvantages peculiar to its details:

1. The pass-on provision would become effective July 1, 1956. This does not give States any time to revise assistance standards, review budgets, and approve higher assistance payments. In the past, many States that passed on the full amount of Federal increases were not able to do so in the first months after the enactment of amendments.

2. The pass-on provision has no time limitation, thus, it would be effective until amended. In old-age assistance, particularly, which is increasingly affected by growth in OASI coverage and increases in OASI benefits, any legislative provision that forces States to continue to spend as much per

recipient from State and local funds as in 1955 would prevent any decrease in assistance payments to reflect the increasingly supplementary nature of the assistance payments. In addition, such a provision prevents adjustment in old-age assistance to any economic change that may occur to decrease need per recipient.

3. The pass-on provision imposes unnecessarily harsh penalties. If a State spent 1 cent per recipient less than in the base period, it could lose $5 and more per recipient in Federal funds. States cannot control who will apply for assistance and what their needs will be. They thus cannot set assistance standards to insure expenditures within such small money amounts per recipient. With such a provision, Federal audit exceptions in a few assistance cases could result in a State's having to use the present Federal formula rather than the proposed more liberal one.

(The amendments referred to follow:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. LONG (for himself, Mr. GEORGE, Mr. BARRETT, Mr. BENDER, Mr. BIBLE, Mr. BUSH, Mr. CHAVEZ, Mr. CLEMENTS, Mr. DANIEL, Mr. DOUGLAS, Mr. EASTLAND, Mr. ELLENDER, Mr. GREEN, Mr. HENNINGS, Mr. HILL, Mr. HOLLAND, Mr. HUMPHREY, Mr. JACKSON, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. KENNEDY, Mr. KERR, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LEHMAN, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MORSE, Mr. MURRAY, Mr. NEELY, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PASTORE, Mr. PAYNE, Mr. SCHOEPPEL, Mr. SCOTT, Mr. SMATHERS, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. THURMOND, Mr. WELKER, and Mr. YOUNG) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new title:

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

AMENDMENTS TO MATCHING FORMULA FOR OLD-AGE ASSISTANCE

SEC. 301. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing July 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter 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 $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter 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 $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of

the sums expended during such quarter 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 (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."

(b) Section 3 of such Act is amended by adding at the end thereof the following new subsection:

"(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing July 1, 1956—

"(1) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall be regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(2) if, in the case of any quarter occurring after the quarter commencing October 1, 1956, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955."

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT, Intended to be proposed by Mr. MAGNUSON to the amendment (designated as 2-24-56—H) intended to be proposed by Mr. LONG (for himself and other Senators) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce the age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the amendment add the following new section:

AMENDMENTS TO MATCHING FORMULA FOR AID TO DEPENDENT CHILDREN

SEC. 302. (a) Section 403 (a) of the Social Security Act is amended to read as follows:

"SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing July 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $36, or if there is more than one dependent child in the same home, as exceeds $36 with respect to one such dependent child and $27 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $18 multiplied by the total number of dependent children with respect to whom aid to dependent children is paid for such month, and the product of $30 multiplied by the total number of individuals (other than dependent children) with respect to whom aid to dependent children is paid for such month, plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and B in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such

quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same home, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children with respect to whom aid to dependent children is paid for such month, and the product of $25 multiplied by the total number of individuals (other than dependent children) with respect to whom aid to dependent children is paid for such month, plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose."

(b) Section 403 of such Act is amended by adding at the end thereof the following new subsection:

"(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing July 1, 1956—

"(1) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(2) if, in the case of any quarter occurring after the quarter commencing October 1, 1956, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955."

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. MAGNUSON to the amendment (designated as 2-24-56—H) intended to be proposed by Mr. LONG (for himself and other Senators) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the amendment add the following new section:

AMENDMENTS TO MATCHING FORMULA FOR AID TO THE BLIND

SEC. 302. (a) Section 1003 (a) of the Social Security Act is amended to read as follows:

"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing July 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount which shall be used exclusively as aid to the blind, equal, (A) in the case of a State

which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"(ii) one-half of the amount by whch such expenditures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for not other purpose."

(b) Section 1003 of such Act is amended by adding at the end thereof the following new subsection:

"(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing July 1, 1956—

"(1) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(2) if, in the case of any quarter occurring after the quarter commencing October 1, 1956, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955."

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. MAGNUSON to the amendment (designated as 2-24-56—H) intended to be proposed by Mr. LONG (for himself and other Senators) to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the amendment add the following new section:

AMENDMENTS TO MATCHING FORMULA FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 302. (a) Section 1403 (a) of the Social Security Act is amended to read as follows:

"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing July 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any months as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenidture with respect to any individual for any mouth as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose."

(b) Section 1403 of such Act is amended by adding at the end thereof the following new subsection:

"(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing July 1, 1956—

"(1) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for the calendar year commencing January 1, 1955; and

"(2) if, in the case of any quarter occurring after the quarter commencing October 1, 1956, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955."

(Re amendment by Senator Long and others:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., March 27, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
Washington 25, D. C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of February 13, 1956, requesting the views of the Bureau of the Budget relative to nine amendments

to H. R. 7225, the proposed social security revision bill. A report on the proposed food certificate plan—amendment 1–30–56–A—has already been submitted to your committee under date of March 23, 1956. This report deals with amendment 2–24–56–H, to revise the Federal matching formula for old-age assistance. Reports on the other seven amendments are in process of preparation and will be submitted shortly.

The amendment in question would increase the Federal matching in old-age assistance from the present level (four-fifths of the first $25 of benefit and one-half of the balance up to a maximum benefit of $55) to five-sixths of the first $30 of benefit and one-half of the balance up to a maximum of $65. It is estimated to cost approximately $185 million a year.

In referring to the social-security program in his budget message last January, the President emphasized that our welfare policies aim to provide basic economic protection for older people and for widowed mothers and children through self-sustaining social insurance. To this end, coverage of the old-age and survivors insurance program has been extended to some 90 percent of the working population. Over 6 million aged persons are now receiving its benefits and the number is growing. This development is relieving the States of a significant part of the burden of sustaining the needy aged and it may be expected that it will continue to do so to an increasing extent. In these circumstances, the proposed sizable increase in Federal expenditures for public assistance matching is difficult to justify, particularly in view of the prevailing full employment and economic stability.

Another factor that warrants consideration is the increasing extent to which old-age assistance payments are supplementary to OASI benefits, rather than the sole source of support for aged persons. Because many of these supplementary benefits are $25 or less, the Federal Government is bearing 80 percent of their cost under the present formula. In view of the increasing incidence of these supplementary cases in the States' public assistance caseloads, there are serious doubts as to whether Federal sharing in benefits should be further increased as proposed in the instant amendment.

The administration has given careful study to the need for revision in the public assistance program, and, on the basis of it, the 1957 budget message recommended as follows:

"* * * to reflect the fact that more and more people are becoming eligible for old-age and survivors insurance benefits, I recommend legislation to fix at 50 percent the Federal share of supplementary old-age-assistance payments by the States to beneficiaries of this insurance who are added to the assistance rolls after the fiscal year 1957.

"The Federal Government should also do more to assist the States to adopt preventive measures which will reduce need and increase self-help among those who depend upon public welfare. Likewise, special provision should be made for improving medical care of public assistance recipients through legislation to permit separate Federal matching of State and local expenditures for this purpose."

The budget message also indicated a need for reappraisal of the present high level of Federal contribution to public assistance as the effect of recent strengthening of OASI insurance protection becomes more fully apparent. It was indicated that the continuation of the temporarily increased matching share until July 1, 1959, would allow time for the aforementioned reappraisal. Meanwhile, it seems clear that the Federal Government should not increase its already heavy public assistance burden of almost $1.5 billion a year.

In summary, the proposed increase in the Federal matching share would not bring about these necessary program improvements recommended by the President. Instead, it would require a substantial increase, of questionable necessity, in the Federal sharing in individual old-age-assistance payments, thus increasing the already heavy fiscal demands upon the Federal budget. In the circumstances the Bureau of the Budget recommends against enactment of the proposed amendment to H. R. 7225.

Sincerely yours,

(Signed) ROWLAND HUGHES,
Director.

(See pp. 1325–1329 for amendments referred to.)

(Re: amendments by Senators George and Lehman:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your request for a report on amendments intended to be proposed by Senators George and Lehman to H. R. 7225, a bill to amend title II of the Social Security Act, now being considered by the committee.

Both of these proposed amendments would remove the requirement in H. R. 7225 that a disabled person must have attained age 50 in order to qualify for the disability insurance benefits provided by that bill; persons who meet the other requirements of the bill would be eligible for benefits regardless of age.

As I stated in my testimony before the committee, this Department recommends that the disability benefit provisions of H. R. 7225 not be enacted. The same considerations that prompted the Department's recommendation regarding the provisions of H. R. 7225 apply, but with much more force, to the amendments that would result in the payment of benefits under old-age and survivors insurance to disabled persons regardless of age. For example, the effect of the benefits on vocational rehabilitaiton would be more significant since the benefits would be payable to younger workers, who are the most promising candidates for rehabilitation and for whom rehabilitation would mean a greater number of productive years; also, costs would be greater and so too would be the uncertainties as to cost since benefits would be payable to more people and for longer periods of time. On the basis of the assumptions outlined in my testimony, we estimate that the level-premium costs of disability benefits payable at any age would be about six-tenths of 1 percent of payroll, which represents about a 50-percent increase in the cost of the disability benefits now provided in H. R. 7225.

We would therefore recommend that the amendments not be enacted by the Congress.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) M. B. FOLSOM,
Secretary.

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENTS Intended to be proposed by Mr. GEORGE to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuaiton of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 8, line 5, strike out "WHO HAVE ATTAINED AGE FIFTY."
On page 8, line 14, strike out "has attained the age of fifty and."

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENTS Intended to be proposed by Mr. LEHMAN to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 8, line 5, strike out "who have attained age fifty".
On page 8, line 14, strike out "has attained the age of fifty and".

On page 11, line 10, strike out the semicolon and insert in lieu thereof a period.

On page 11, line 10, beginning with the word "nor", strike out all through line 12.

Amend the title so as to read: "An Act to amend title II of the Scial Security Act to provide disability insurance benefits for certain disabled individuals, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

(Re amendments by Senators Lehman and Humphrey:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR MR. CHAIRMAN: This is in response to your letter of March 8, 1956, requesting reports on three amendments intended to be proposed to H. R. 7225. Two of these amendments, 1 by Senator Lehman and 1 by Senator Humphrey would increase the dollar limitation on Federal grants for public assistance to the Virgin Islands from the present annual figure of $160,000 to $300,000. The other amendment, by Senator Lehman, would increase the limitation for Puerto Rico from $4,250,000 to $8 million. All three of the amendments would permit Federal matching in payments to a needy parent or other needy person caring for the children. None of the amendments would change the present formula for matching in individual payments.

The administration recognizes the need for an increase in the dollar limitations for both the Virgin Islands and Puerto Rico. Our public assistance proposals, embodied in S. 3139, would provide an incerase of 25 percent for each jurisdiction—an increase of $40,000—bringing the total of $200,000 for the Virgin Islands, and an increase of $1,062,500, bringing the total of $5,312,500 for Puerto Rico.

The inclusion of matching for a parent or other relative is not a part of the administration's proposals. Due to the other limits on Federal participation in both jurisdictions, and the special formula applicable to them, this provision would not make an appreciable amount of additional Federal funds, if any, available to the Virgin Islands or Puerto Rico. However, we would have no objection to this provision.

The Virgin Islands has expanded its own expenditures for public assistance rapidly in recent years. It appears that the dollar limitation will operate for the first time to reduce Federal funds this year, and the $200,000 figure that we have proposed might also limit expenditures in another year or two. While we believe that the 25 percent increase included in S. 3139 for the Virgin Islands is a reasonable one at this time, the choice of any figure is essentially one of judgment and we would not oppose the inclusion of the higher figure proposed in the two amendments.

The situation in Puerto Rico is somewhat different. Both in terms of its tax-revenue structure and in its relationships to the Federal Government its differs from the Virgin Islands. We do not believe it essential that the two jurisdictions receive the same percentage increase. It is our judgment that the increase of over a million dollars that we have recommended is as far as we should go at this time. We would accordingly recommend against substitution of the higher figure for Puerto Rico that is included in Senator Lehman's amendment.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendments referred to follow:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. LEHMAN to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new title:

TITLE III—AMENDMENTS RELATING TO PUBLIC ASSISTANCE

AID TO DEPENDENT CHILDREN

SEC. 301. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ", and, in the case of the Virgin Islands, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18".

(b) Section 1108 of such Act is amended by striking out "$160,000", and inserting in lieu thereof "$300,000".

SEC. 302. The amendments made by section 301 of this Act shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years.

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. HUMPHREY to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new title:

TITLE III—AMENDMENTS RELATING TO PUBLIC ASSISTANCE

AID TO DEPENDENT CHILDREN

SEC. 301. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ", and, in the case of the Virgin Islands, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18."

(b) Section 1108 of such Act is amended by striking out "$160,000" and inserting in lieu thereof "$300,000".

SEC. 302. The amendments made by section 301 of this Act shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years.

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. LEHMAN to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new title:

TITLE III—AMENDMENTS RELATING TO PUBLIC ASSISTANCE

AID TO DEPENDENT CHILDREN

SEC. 301. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ", and, in the case of Puerto Rico, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18".

(b) Section 1108 of such Act is amended by striking out "$4,250,000", and inserting in lieu thereof "$8,000,000."

SEC. 302. The amendments made by section 301 of this Act shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years.

(Re Amendment by Senator Lehman:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your request of March 12, for a report on an amendment intended to be proposed by Senator Lehman to H. R. 7225, a bill to amend title II of the Social Security Act now being considered by the committee.

The amendment would permit paying to women at age 60 those old-age and survivors insurance benefits now payable at age 65. (H. R. 7225 as passed by the House of Representatives provides for lowering the eligibility age for women from 65 to 62.)

In my testimony before the committee on March 22 I recommended against enactment of the provision in H. R. 7225 to lower the eligibility age to 62. At that time I said that such a change:

> would tend to reduce job opportunities for many older workers at a time when our objective is to increase employment prospects for those who desire to work and need to work. The proposed change conflicts with the fact that more women are living longer and working longer than ever before. The proposal would be very costly as it stands and would likely lead to still further costs to all social-security taxpayers.

The reasons quoted apply with even greater force to the proposal to lower the eligibility age to 60.

Under the latter proposal the cost of old-age and survivors' insurance would be increased by approximately 1 percent of payroll on a level-premium basis, an increase of more than 13 percent of the present level-premium cost.

We therefore recommend that the amendment not be enacted.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendments referred to follow:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENTS Intended to be proposed by Mr. LEHMAN to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 6, line 4, strike out "sixty-two," and insert in lieu thereof "sixty."

On page 7, line 4, strike out "sixty-two," and insert in lieu thereof "sixty."

On page 7, line 8, strike out "sixty-two," and insert in lieu thereof "sixty."

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

(Re amendment by Senator Young:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your request of March 9, 1956, for a report on the amendment intended to be proposed by Senator Young to H. R. 7225, a bill to amend title II of the Social Security Act, now being considered by your committee.

The amendment intended to be proposed would amend subsection (a) of section 211 of the Social Security Act and subsection (a) of section 1402 of the

Internal Revenue Code of 1954 to extend to members of farm partnerships the optional method of reporting earnings for old-age and survivors insurance purposes now provided for individual farmers. Members of farm partnerships operating on a cash basis would be permitted to report either their actual net earnings from farm self-employment, as under present law, or, subject to the same general conditions now applicable to individual farmers, presumed net earnings based on their gross income. A partner's gross income would be his pro rata share of the gross income of the farm partnership. The amendment would be effective for taxable years ending after 1956.

Under present law, a person who engages in farm self-employment as an individual rather than as a partner in a farm business, has the following option in reporting for old-age and survivors insurance purposes, provided he computes his income tax on a cash basis. If his annual gross farm income is at least $800 but not more than $1,800, he may report either his actual net earnings (if they are $400 or more) or 50 percent of his gross farm income. If his gross income is more than $1,800 and his actual net earnings are less than $900, he may report either his actual net earnings (if they are $400 or more) or presumed net earnings of $900. The primary purpose of this option is to simplify social-security reporting for farmers who ordinarily do not maintain extensive records of their operations. As indicated above, however, the option also enables certain farmers to gain old-age and survivors insurance credits of from $400 to $900 for years in which they would, on the basis of their actual net farm earnings, earn lower old-age and survivors insurance credits or none at all. It thus helps to cushion the adverse effect that poor crop years have on the farmer's old-age and survivors insurance protection.

In respect to its primary purpose, the option is, in general, not needed for members of farm partnerships because partnerships, apart from their responsibilities under old-age and survivors insurance, customarily maintain records of their operations. Members of a partnership, however, would benefit from the additional social-security protection made possible by the optional method of reporting. In the same way as individual farmers, farm partnerships are subject to hazards that are peculiar to farming—hazards like droughts, floods, and storms, that make farm income subject to sharp fluctuations and that result in years of low income or net loss. For this reason we believe that members of these partnerships should be afforded the same opportunity as individual farmers to maintain their old-age and survivors insurance protection during the years in which they have very low earnings or suffer a net loss.

We believe, moreover, that this should be done as soon as practicable. Consequently, we would suggest that the proposed amendment be made effective for taxable years ending after 1955, rather than for taxable years ending after 1956. Since the proposed amendment provides an optional, rather than a compulsory, method of reporting, and since social-security returns of farm self-employment earnings for the first taxable year ending after 1955 will, generally speaking, not be due until the early part of 1957, the suggested effective date would appear to be entirely feasible. Your committee may want to consider also the desirability of making the amendment effective for taxable years ending after 1954. While members of farm partnerships, generally speaking, will have already filed their income tax returns, and the accompanying report of self-employment earnings for old-age and survivors insurance purposes for the taxable year 1955, it would be possible for those who wished to take advantage of the optional reporting method to file an amended return for 1955. We can foresee no serious administrative problems that would result if such an early date were adopted.

We recommend that the proposed amendment to H. R. 7225, modified as suggested above, be enacted.

Time has not permitted us to clear this report with the Bureau of the Budget.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendments referred to follow:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENTS Intended to be proposed by Mr. YOUNG to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 28, between lines 4 and 5, insert the following new section:

"COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS

"SEC. 110. (a) Subsection (a) of section 211 of the Social Security Act is amended by striking out the last sentence thereof and inserting in lieu thereof the following: 'For the purpose of the preceding sentence an individual's pro rata share of the gross income derived from a trade or business carried on by a partnership of which he is a member shall be deemed to be gross income derived from a trade or business carried on by such individual. For the purpose of the preceding two sentences, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection.'

"(b) The amendment made by subsection (a) shall be effective with respect to net earnings from self-employment derived after 1956. The amount of net earnings from self-employment derived during any taxable year ending in, and not with the close of, 1957 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, net earnings from self-employment so credited to calendar quarters in 1957 shall be deemed to have been derived after 1956."

At the end of the bill add the following new section:

"COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS

"SEC. 203. (a) Subsection (a) of section 1402 of the Internal Revenue Code of 1954 is amended by striking out the last sentence thereof and inserting in lieu thereof the following: 'For the purpose of the preceding sentence an individual's pro rata share of the gross income derived from a trade or business carried on by a partnership of which he is a member shall be deemed to be gross income derived from a trade or business carried on by such individual. For the purpose of the preceding two sentences, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection.'

"(b) The amendment made by subsection (a) shall be applicable only with respect to taxable years ending after 1956."

(Re amendment by Senator Douglas:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 28, 1956.

HON. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate.

DEAR MR. CHAIRMAN: This letter is in response to your request of March 9, 1956, for a report on an amendment intended to be proposed by Senator Douglas to H. R. 7225. This amendment provides that in determining need for old-age assistance under the Social Security Act the States may diregard, effective October 1, 1956, earned income up to $50 per month.

Under this proposal the States that choose to implement the amendment could include as eligible for assistance some aged persons who do not now qualify for assistance because their earnings from employment made them ineligible under State assistance standards. For other persons now receiving aid, the amount of assistance would be increased because income now taken into account would be disregarded.

The implication of this amendment for the old-age assistance program is a serious one. Old-age assistance is designed to meet the individual's need after his own income and resources have been taken into consideration. It is the contributory social-insurance program that is designed to provide benefits on the basis of previous earnings and without regard to the individual's need. Now that the two programs have been brought into greater balance through increased benefits paid and extended coverage in the social-insurance program, it is important that this distinction between the two programs be kept clear. This amendment is inconsistent with the supplementary nature of the old-age assistance program. We therefore oppose this amendment because we believe it will con-

fuse the purpose of public assistance with old-age and survivors' insurance and tend to give the old-age assistance program some of the qualities of a pension. We believe the amendment is undesirable because it gives the impression of helping recipients achieve a higher standard of living. Yet, for the majority of people, with no earnings or hope of earnings, the enactment of this amendment may actually reduce the assistance they are receiving. This could come about by States giving aid to additional people and increased aid to some people without increasing the State funds appropriated. Thus, the few with earnings will be better off by far than the many without earnings.

Presumably one of the purposes of this amendment is to encourage recipients to seek and take employment. No doubt there are some aged persons earning relatively small amounts of money who, under this amendment, would be eligible for assistance. The number cannot be very great for the average age of old-age assistance recipients is 76 years. The objective of encouraging some employment efforts by persons on public assistance is a commendable one, and we are strongly in favor of efforts toward restoring the individual to a status of self-support or self-care. Assistance payments must be accompanied by constructive services, individually planned, that will bring about self-sufficiency and personal independence. The administration's proposal embodied in S. 3139 introduced by Senator Martin included a provision designed to encourage the States to provide such services for applicants and recipients of assistance.

This proposed amendment would open the entire question of exempt income in the assistance programs without having any appreciable effect on the promotion of the objective of self-support.

For the foregoing reasons, we recommend the enactment of S. 3139 and oppose this amendment.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) M. B. FOLSOM, *Secretary.*

(The amendment referred to follows:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz: At the end of the bill add the following new title:

TITLE III—PROVISIONS RELATING TO OLD-AGE ASSISTANCE

AMOUNTS DISREGARDED IN DETERMINING NEED

SEC. 301. (a) Section 2 (a) (7) of the Social Security Act is amended to read as follows: "(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that in making such determination the State agency may disregard not more than $50 per month of earned income."

(b) The amendment made by subsection (a) of this section shall be effective on and after October 1, 1956.

(Re amendment by Senator Douglas:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D. C., March 28, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your request of March 9, 1956, for a report on an amendment intended to be proposed by Senator Douglas to H. R. 7225, a bill to amend title II of the Social Security Act now being considered by the committee. This report is on the revised form of the amendment, dated March 19, 1956; the original amendment was dated March 8, 1956.

The amendment would permit paying to both men and women at age 60 those old-age and survivors insurance benefits now payable at age 65. The old-age

insurance benefit amount of an individual who retired before age 65 would be reduced by one-half of 1 percent for each month between the month of entitlement and attainment of age 65. The benefit of an individual who retired after age 65 would be increased by one-third of 1 percent for each month between attainment of age 65 and the month of entitlement or attainment of age 72, whichever was earlier. Benefits to wives, dependent husbands, widows, dependent widowers, and dependent parents would be based on the insured worker's primary insurance amount increased or decreased according to the age at which such dependents or survivors became entitled to their benefits.

At the present time the average age for first entitlement to old-age and survivors insurance benefits is about 68 years, and only a small percentage of persons insured under old-age and survivors insurance willingly become beneficiaries so long as they are in a position to continue to work and maintain the higher standard of living which work makes possible. We very much question that the small increase in benefits provided for delayed retirement under one part of Senator Douglas' amendment would actually operate as an incentive for people to stay at work. The increase in benefits provided under the amendment would, however, add significantly to the costs of the old-age and survivors insurance program. It would raise those costs by about one-half of 1 percent of payroll. This increase would be incurred in order to pay higher benefits to persons who are fortunate enough to be able to continue in gainful employment beyond age 65. This added cost would not result in any benefit to those who are unable, for one reason or another, to continue in employment beyond age 65.

The other part of Senator Douglas' amendment, that providing for payment of benefits to persons before age 65, would increase the costs of old-age and survivors insurance by about 0.32 percent of payroll. For much the same reasons as we have stated to the committee for recommending against lowering the eligibility age for women as provided in H. R. 7225, we would recommend against Senator Douglas' amendment. Furthermore, since old-age and survivors insurance benefits are not intended to provide more than a basic security, the reduced amounts to be paid under the amendment to persons who have been compelled to retire before age 65 might be inadequate for their maintenance. These benefits would not be increased upon attainment of age 65.

In our judgment, the problems which lead to retirement of an individual from the labor force before age 65 are ones that should be met, to the maximum extent possible, through counseling, retraining, rehabilitation, and efforts at increasing job opportunities for older persons. These problems will not be met satisfactorily by the payment of a reduced benefit under old-age and survivors insurance.

The total cost of Senator Douglas' amendment would be about 0.82 percent of payroll on a level-premium basis, an increase equivalent to about 11 percent of the present level-premium cost.

Under the proposed amendment, the adjustments based on the age at which the individual became entitled to benefits would apply to persons already on the benefit rolls as well as to future beneficiaries. This provision would make it necessary for the Department of Health, Education, and Welfare to examine individually the claims folders of the nearly 6½ million persons aged 65 and over who came on the benefit rolls prior to 1956 in order to determine the age at which they had become entitled to benefits. This task, enormous in itself, would be greatly complicated by the need to determine, in addition, the number of months for which benefits were actually received and the number of months for which benefit deductions were made because of the employment of the old-age insurance beneficiary; under the amendment only those months for which deductions were made could be used in determining the increase factor at the time a benefit recomputation is made.

The proposed amendment also raises some technical questions concerning the coordination of its provisions with some sections of existing law. In view of our major reservations about the basic changes the amendment would bring about, we are not discussing the technical aspects of the amendment in this letter.

In view of all the considerations stated above, we recommend that the amendment not be enacted.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,

M. B. FOLSOM,
Secretary.

(The amendments referred to follow:)

[H. R. 7225, 84th Cong., 2d sess.]

AMENDMENTS Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes, viz:

On page 5, beginning with line 22, strike out all over to and including line 4 on page 6 and insert in lieu thereof the following:

COORDINATION OF BENEFITS WITH AGE OF RETIREMENT

RETIREMENT AGE

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"RETIREMENT AGE

"(a) The term 'retirement age' means age sixty."

On page 7, beginning with line 4, strike out all down to and including line 22 and insert in lieu thereof the following:

"(A) an individual who attained age sixty prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty in 1956 or, if earlier, the year in which he died;

"(B) an individual shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any individual who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

An individual shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month."

On page 28, beginning with line 22, strike out all over to line 4 on page 29 and insert in lieu thereof the following:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 60, if he did not work for the employers in the period for which such payment is made, or."

On page 8, between lines 3 and 4, insert the following new subsections:

"REDUCTIONS AND INCREASES IN PRIMARY INSURANCE AMOUNTS

"(c) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

" 'PRIMARY INSURANCE AMOUNT REDUCED OR INCREASED IN ACCORDANCE WITH AGE OF BENEFICIARY

" '(m) (1) In computing the amount of the old-age insurance benefit, wife's insurance benefit, husband's insurance benefit, widow's insurance benefit, widower's insurance benefit, or parent's insurance benefit of any individual who is eligible therefore under subsections (a), (b), (c), (e), (f), and (h), respectively, the primary insurance amount on the basis of which such benefit is computed shall, in the case of any individual who has not attained sixty-five years of age on the first day of the first month for which he is entitled to receive such benefit, be reduced by one-half of one per centum multiplied by the number of months, or portions thereof, in the period beginning with the first day of the first month for which he is entitled to receive such benefit and ending with the date on which such individual would attain sixty-five years of

age, and, in the case of any individual who has attained sixty-five years of age on the first day of the first month for which he is entitled to receive such benefit, be increased by one-third of one per centum multiplied by the number of months, or portions thereof, in the period beginning with the date on which such individual attained sixty-five years of age and ending with the first day of the first month for which he is entitled to receive such benefit, or the date on which such individual attained seventy-two years of age, whichever is the earlier.

"'(2) For the purposes of paragraph (1) of this subsection and for no other purpose, the age at which an individual becomes entitled to widow's or widower's insurance benefits shall be decreased by one month for each month for which such individual has received a wife's or husband's insurance benefit (other than a month for which such individual received a wife's insurance benefit to which she was entitled by reason of having in her care a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of the spouse by reason of whose wages and self-employment income such individual is entitled to widow's insurance benefits based on the wages and self-employment income of the deceased spouse by reason of whose wages and self-employment income such individual is entitled to widow's or widower's insurance benefits, as the case may be.

"'(3) Upon the recomputation, under section 215 (f), of the primary insurance amount upon which the old-age, wife's or husband's insurance benefit of any individual is based, the provisions of paragraph (1) of this subsection shall be applied to such primary insurance amount as recomputed under such section, except that, for the purposes of such paragraph and for no other purpose, the age at which any such individual became entitled to any such insurance benefit shall be increased by one month for each month for which such individual did not receive an old-age, wife's, or husband's insurance benefit because of deductions, from such benefit made pursuant to subsections (b), (c), (f), or (g) of section 203, on account of work performed by the person whose primary insurance amount is used for the computation of such benefit.'

"TECHNICAL AMENDMENTS

"(d) (1) The last sentence of subsection (a) of section 202 of the Social Security Act is amended to read as follows: 'Such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(2) So much of paragraph (1) of subsection (b) of section 202 of such Act as succeeds subparagraph (C) thereof is amended to read as follows:

"'(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the wife's insurance benefit for which she is eligible under this subsection,

shall be entitled to a wife's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, no child of her husband is entitled to a child's insurance benefit and she has not attained retirement age, or she becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the wife's insurance benefit for which she is eligible under this subsection.'

"(3) Paragraph (2) of section 202 (b) of such Act is amended to read as follows:

"'(2) Such wife's insurance benefit for each month shall be an amount equal to one-half of her husband's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(4) So much of paragraph (1) of subsection (c) of section 202 of such Act as succeeds subparagraph (D) thereof is amended to read as follows:

"'(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the husband's insurance benefit for which he is eligible under this subsection,

shall be entitled to a husband's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the month in which any of the following occurs: he dies, his wife dies, they are di-

vorced a vinculo matrimonii, or he becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the husband's insurance benefit for which he is eligible under this subsection.'

"(5) Paragraph (2) of section 202 (c) of such Act is amended to read as follows:

"'(2) Such husband's insurance benefit for each month shall be equal to one-half of his wife's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(6) So much of paragraph (1) of subsection (e) of section 202 of such Act as succeeds subparagraph (D) hereof is amended to read as follows:

"'(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the widow's insurance benefit for which she is eligible under this subsection,

shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the widow's insurance benefit for which she is eligible under this subsection.'

"(7) Paragraph (2) of section 202 (e) of such Act is amended to read as follows:

"'(2) Such widow's insurance benefit for each month shall be equal to three-fourths of her deceased husband's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(8) So much of paragraph (1) of subsection (f) of section 202 of such Act as succeeds subparagraph (E) thereof is amended to read as follows:

"'(F) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the widow's insurance benefit for which he is eligible under this subsection,

shall be entitled to a widower's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the widower's insurance benefit for which he is eligible under this subsection.'

"(9) Paragraph (2) of section 202 (f) of such Act is amended to read as follows:

"'(2) Such widower's insurance benefit for each month shall be equal to three-fourths of his deceased wife's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(10) So much of paragraph (1) of subsection (h) of section 202 of such Act as succeeds paragraph (C) thereof is amended to read as follows:

"'(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than the amount of the parent's insurance benefit for which he is eligible under this subsection, and

"'(E) has filed application for parent's insurance benefits,

shall be entitled to a parent's insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent's insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding the amount of the parent's insurance benefit for which he is eligible under this subsection.'

"(11) Paragraph (2) of section 202 (h) of such Act is amended to read as follows:

"'(2) Such parent's insurance benefit for each month shall be equal to three-fourths of such deceased individual's primary insurance amount (as defined in section 215 (a)) for such month, reduced or increased to the extent required by subsection (m).'

"(e) The amendments made by subsections (c) and (d) of this section shall be applicable (1) in the case of monthly benefits under title II of the Social

Security Act, for months after December 1955, and (2) in the case of lump-sum death payments under section 202 (i) of such Act, with respect to deaths occurring after December 1955. No redetermination of the amount of any benefit by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of such Act."

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce retirement age from sixty-five to sixty, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., March 30, 1956.

Re amendment by Senator Williams.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
Senate Office Building, Washington 25, D. C.

MY DEAR MR. CHAIRMAN: This is in further reply to your letter of February 13, 1956, relative to nine amendments to H. R. 7225, the social security revision bill. The following report deals with amendment 2–10–56–A, which is the only remaining amendment on which the Bureau of the Budget has not as yet reported to your committee.

Amendment 2–10–56–A, introduced by Mr. Williams, would deny social security benefits to persons convicted of espionage, sabotage, treason, sedition, or subversive activities. These are heinous crimes, of course, and the perpetrators deserve little consideration. It follows that any gratuitous Government benefit or award quite properly might be withheld from such persons.

There are collateral problems, however, in the proposed amendment that warrant the serious consideration of the Congress. It has always been stressed by the Congress that old age and survivors insurance is not a Federal bounty, but rather a separate self-financed system of insurance, the costs of which are shared equally by employer and employee; that benefits are assured as a matter of statutory right; that the Federal Government is merely a trustee of the system and not a contributor; and that certain benefits are available to surviving dependents of an insured individual without any right of election or other voluntary action on the part of the insured wage earner. The proposed amendment does not seem consistent with these principles. If enacted it might be taken as a precedent for departures in other directions from the independent character of OASI, with consequences that could go considerably beyond the limited purpose of the amendment.

A further question involves the retroactive character of the amendment, since it would deny benefits based on contributions predating its enactment. This raises a legal and policy question as to the propriety of such retrospective action which should be resolved only after careful analysis extending to the whole range of civil disabilities and penalties which may be imposed upon individuals convicted of the particular crimes.

In view of this the Bureau of the Budget does not recommend enactment of this proposed amendment in the context of a revision of the Social Security Act.

Sincerely yours,

ROWLAND HUGHES, *Director.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., March 30, 1956.

Re amendments by Senators Cotton, Johnston, and George

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
Senate Office Building, Washington 25, D. C.

MY DEAR MR. CHAIRMAN: This is with further reference to your letter of February 13, 1956, requesting the views of the Bureau of the Budget relative to various amendments to H. R. 7225, the proposed social security revision bill.

The following report deals with 3 of the 9 amendments covered by your request.

Amendment 7–25–55–A, introduced by Mr. Cotton, would provide Federal matching in the cost of medical care for recipients of public assistance. The Federal share would be 50 percent, subject to certain maximum limitations specified in the proposed amendment.

This amendment parallels the medical-care provisions of S. 3139, a bill that would carry out the administration's public-assistance recommendations. Because the proposed amendment is only one component in a comprehensive program for improving public assistance, its enactment in that context would be greatly preferable to its independent enactment. For this reason the administration recommends the enactment of S. 3139. Subject to this factor, there would be no objection to the enactment of this proposed amendment to H. R. 7225.

Amendment 1–18–56–A, introduced by Mr. Johnston, would lower the retirement age under the old-age and survivors insurance program to 60. This proposal, along with other proposed measures for reducing the retirement age, has been carefully studied by the Department of Health, Education, and Welfare. As indicated in the testimony of Secretary Folsom before your committee, there are serious doubts about the advisability of enacting this proposal at the present time.

In the first place, it would encourage earlier retirement. Examination of the needs of older people indicates that it is greater employment opportunity rather than earlier retirement that they desire. By encouraging employers to retire their workers at 60, the proposal would run counter to the important objective of enlarging job opportunities for older people.

Secondly, the proposed reduction in retirement age would increase costs of OASI by a considerable amount and probably require increased taxes under the program. Inasmuch as this program has recently been extended and improved, it appears sounder to allow sufficient time to evaluate the effects of these recent changes before incurring substantial new costs.

For these reasons, the Bureau of the Budget does not recommend enactment of this proposed amendment.

Amendment 2–23–56–J, introduced by Mr. George, would permit the State of Georgia to treat as a separate coverage group, for purposes of old-age and survivors insurance, employees of the State department of labor. Under present law all employees of a State who are under the same retirement system are treated as a single coverage group and a referendum must be conducted among all such State employees to determine if they choose OASI coverage. Upon affirmative vote by a majority, OASI is then available to them.

The proposed amendment would allow the State of Georgia to hold a separate referendum among the employees of one department, preliminary to obtaining OASI coverage for them. In general, the Congress and the executive branch have not favored piecemeal extension of coverage, largely because it leads to multiplication of requests for minor amendments to the Social Security Act on the part of relatively small groups, and because it might lead to adverse selection of risks with a consequent disadvantage to other employees covered under the system. One of the general principles of OASI is that it be applicable to all members of a group wherever possible. In line with this principle, it is preferable to accord the opportunity to elect OASI coverage to all employees of a State rather than to the employees of one department.

For these reasons the Bureau of the Budget does not recommend enactment of this amendment.

Sincerely yours,

ROBERT E. MERRIAM,
Assistant to the Director.

Re amendments by Senators Hennings and Symington; Long and others; and Bricker

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., March 30, 1956.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Senate Office Building,
Washington 25, D. C.

MY DEAR MR. CHAIRMAN: This is with further reference to your letter of February 13, 1956, relative to various amendments to H. R. 7225, the social se-

curity revision bill. Five of the proposed amendments have been covered in previous letters. This report will deal with 3 of the remaining 4 amendments.

Amendment 1–24–56–B, introduced by Mr. Hennings, would make permanent certain temporary provisions of the Social Security Act relative to Federal grants for aid to the blind. The temporary provisions, due to expire on June 30, 1957, exempt States from the requirement that their plans for aid to the blind take into account all income in excess of $50 per month in determining the need of blind persons for public assistance. The exemption, enacted in 1950, was intended to allow the two States affected (Missouri and Pennsylvania) sufficient time to adjust their plan to the Federal requirement.

The proposed amendment would depart from this original intention and would make permanent the special temporary exception to the test of need which is a fundamental test in the public assistance law. Such legislation could lead to requests from other States to relax the requirement that federally aided public assistance be available only to those who are determined to be in need after the resources available to them have been taken into consideration. The implications for the entire social security program are far reaching.

In the circumstances, the Bureau of the Budget does not favor enactment of this proposed amendment.

Amendment 1–26–56–A, introduced by Mr. Long, would raise the maximum, for purposes of Federal matching in old-age assistance, from the present level of $55 a month to $65. It is our understanding that this proposed amendment has been supplanted by the February 10 version, amendment 2–24–56–H, introduced by Mr. Long and Mr. George, on which the Bureau of the Budget has already reported to your committee on March 28, 1956.

The earlier proposed amendment would increase the Federal contribution to the public assistance program, particularly in the higher income States which generally pay higher benefits. It is estimated to cost approximately $75 million a year. The comments of the Bureau of the Budget in regard to the subsequent Long-George amendment are pertinent to this amendment and will not be repeated in their entirety in this report. In summary, instead of carrying out the President's recommendations for improving public assistance, this amendment would require a substantial increase, of questionable necessity, in the Federal sharing in individual old-age assistance payments, thus increasing the already heavy fiscal demands upon the Federal budget.

In consequence, the Bureau of the Budget does not recommend enactment of this proposed amendment.

Amendment 1–31–56–C, introduced by Mr. Bricker, would accord special lower tax rates, under the old-age and survivor insurance program, to farmers. It would apply to farmers both as self-employed persons and as employers of labor.

If the amendment were enacted, the farmers in question would receive the same benefits as everyone else under the system but would contribute less than other self-employed persons. Also, their employees would receive benefits similar to those received by other workers but the employer would not be taxed for such benefits. The added costs would be borne by the other contributors to the system.

One of the fundamentals of OASI consistently upheld by the Congress and the executive branch is that the system be universally and equally applicable to all covered groups. If special advantages in contributing to the insurance system are given to farmers, it could be expected that other groups would seek similar special treatment. Some owners of small businesses, for example, might well argue that they, too, should be exempt from paying the employers' contribution based on their employees' wages, and other self-employed persons might seek to obtain similar favorable treatment. Once the basic principle is compromised, it would be extremely difficult to withstand such demands.

For this reason the Bureau of the Budget does not recommend enactment of the proposed amendment.

Sincerely yours,

ROBERT E. MERRIAM,
Assistant to the Director.

(Whereupon, at 1 p. m., the committee adjourned.)

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