

each of the factors involved, no better estimate could be made 5 years from now. But until the system of old-age insurance yields its own data there can be no competent final determination of the financial foundations for this or any other scheme of old-age insurance. We can proceed as soundly today on measures of this sort as we can 1 year, or 5 years, or 10 years in the future.

The CHAIRMAN. Miss Helen Hall.

STATEMENT OF HELEN HALL, NEW YORK CITY, PRESIDENT NATIONAL FEDERATION OF SETTLEMENTS, DIRECTOR, HENRY STREET SETTLEMENT, MEMBER, ADVISORY COUNCIL TO THE COMMITTEE ON ECONOMIC SECURITY

Miss HALL. In time of war, when it is a matter of risking life for one's country, we do not leave it for each State to decide whether, or how, the risk be taken. As an American, not as a Virginian or New Yorker, the soldier risks his life. No other hazard, not war itself, so menaces family life and casts a shadow over the lives of children as economic insecurity, and when it comes to this greatest risk of life and happiness, we should not leave the terms of protection solely to the States. I urge that in the provisions of the Wagner-Lewis bill, the unemployed man be given fuller protection by his national Government .

This is not an emergency act but one which tries to deal with a permanent disability. Not only have the hard times made us conscious of that need, but they have shown us how our failure to meet it in normal times has compounded misery in bad. Neighborhood workers live close to working people in all their vicissitudes. Ever since 1928 the Settlements have made Nation-wide studies of the results of unemployment on families in the United States and have also studied the effects of the English unemployment insurance system on British workers and their families.

On April 1, 1930, I was asked to bring the results of an inquiry into unemployment in good times, made by the National Federation of Settlements in 1928-29, to hearings before a Senate subcommittee of the Committee on Commerce, which was then considering the Wagner bills of that day on public works, precise information on unemployment, and the establishment of a national employment service system. Senator Wagner has been a pioneer in this field, and we have been deeply appreciative of his leadership throughout the years when it was hard to get a hearing for our unemployed neighbors:

Last year we testified in favor of the Wagner-Lewis unemployment insurance bill, strongly urging its enactment. Today we recognize the Wagner-Lewis economic security bill as a great advance over the past in many of its provisions, but we feel that the section dealing with unemployment is a step backward.

I should like to incorporate at this point a resolution passed by the board of directors of the National Federation of Settlements, with members present from Chicago! Boston, Philadelphia, Columbus, Detroit, Wilkes-Barre, Orange, Pittsburgh, Cleveland, and New York.

Be it resolved, That we endorse the security program of the Roosevelt administration, embodied in the new Wagner-Lewis bill for unemployment insurance. The first Wagner-Lewis bill for unemployment insurance, introduced last year with the backing of the administration, provided for a 5-percent pay-roll tax and for national standards below which the States should not fall. The present bill is a step backward at both points. It provides for a 3-percent tax, and carries

no standards whatever as to amount or length of benefits or as to other factors which must be laid down if the workers of the Nation, as a whole, are to get protection through unemployment-insurance compensation.

The report of the President's Committee on Economic Security recommended "a cooperative Federal-State system, which permits variations in State laws but insures uniformity in respects in which uniformity is absolutely essential." But what are the absolute essentials set in the new Wagner-Lewis bill? The bill calls for a uniform pay-roll tax on all the employers of America, so that the employers of any one State may be protected against unfair competition from the employers in other States should they set a lower tax or none at all. The bill calls for protecting the funds raised by placing them in the hands of the Federal Treasury. But this is where national uniformity stops. So far as the protection of the unemployed themselves is concerned, the States are left free to experiment.

The actuarial tables put before the States as a basis for their experimentation indicates that the 5-percent pay-roll tax proposed will afford only 15 weeks coverage at half wages provided that first the unemployed worker must go through a waiting period of 4 weeks without benefit. These actuarial tables show that on a 5-percent tax base, the waiting period can be cut down to 2 weeks and the benefit period raised to 30.

We believe that nothing less than that coverage will make unemployment compensation practical as a first line of defense for American workers. Without such standards, we will be forced to combine relief with unemployment insurance in order to meet family need in many cases.

The Wagner-Lewis bill provides for Federal aid in the case of child health, health services, dependent children, crippled children, old age. Why draw the line at the greatest hazard of all-insecurity in employment?

We believe that national minimum standards of protection, below which no State can go, are the crux of Federal legislation in this field. We believe that the Federal pay-roll tax of 3 percent on the employers of each State should be matched by a contribution of at least 2 percent from the Federal Treasury itself, so that through the income tax all of us will share in meeting the cost of that security, and stability in our economic life, on which all of us depend.

New York, January 26-27, 1935.

HELEN HALL, *President.*
LILLIE PECK, *Secretary.*

It is a common belief that it is wiser to make a start even though a poor one, with the hope of working toward something better. However, in this instance, the provisions for unemployment compensation in the draft of the Wagner-Lewis bill before you, are so inadequate and will lead to such great inequalities in protection that many of us would question whether they will not discredit this form of providing economic security. The bill should not stop with employing the force of congressional action to keep the funds raised in Federal hands and to insure that all employers will be subject to the same tax. These are money provisions. We are dealing with a risk borne by men, women, and children and how to safeguard their livelihoods against it. Along with these funds and tax requirements should go certain minimum standards, if unemployment compensation is to mean anything as a Nation-wide protection to the workers of America against a hazard which knows no State boundaries. Minimum standards covering at least length of benefit, amount of benefit, length of waiting period, qualifications for benefit., the maximum wages to be covered by this act, the claims of part-time workers and of employees who move from one State to another.

To allow the State to keep the 3 percent tax without assuring without assuring these rights to the workers, seems a denial of the purpose of the bill. For example? a weekly benefit so low that a family getting it must turn to public relief or private charity to make ends meet would most certainly defeat one of the objects of the measure—that is, to supply self-respecting protection against a hazard over which the worker has no control and which thus far, in

the large, has proved uncontrollable. So long as it exists and is uncontrolled, unemployment compensation is one way of adjusting the loss so that the unemployed themselves and their children shall not bear the whole burden of lost earnings, with resulting depreviation and misery. We are doing this' however, in name only if the compensation is totally inadequate.

As an illustration of the need for national standards, take the present New York bill. Last year when the minimum benefit of \$7 a week was put in the Wagner-Lewis bill, its inadequacy was sharply challenged. It was argued at that time that it could be no higher because of the low wage rates in the South. It was assumed and said that the industrial States of the North where wages and the cost of living are much higher would, of course, provide a minimum above that set by the national law. As a matter of fact, the official bill introduced in this year's session of the New York legislature has a minimum not of \$7 a week, but \$5. If in the absence of national standards, one advanced industrial State sets a level so low, one wonders what the minimum in industrially backward States will be, with no national standard to hold to.

I have spoken of the inadequacy of benefit in the amount which may throw families partially on relief. There is the further inadequacy in length of benefit which when workers have exhausted their rights, will throw families, whose savings are spent wholly on relief.

Statistical tables prepared by the technical staff of the advisory council on the basis of censuses of unemployed from 1922 to 1933, went to show that in "good times" 54 percent of the unemployed wage earners would have fallen outside the 15 weeks' benefit period said to be provided by a 3 percent pay-roll tax. Twenty-six percent would have fallen in the 4 weeks' waiting period and 28 percent would have exhausted their benefit. While we have yet to accumulate comprehensive statistical information in regard to unemployment, what we have would seem to indicate clearly that a large share of the unemployed in normal times would be without protection on a 15 weeks' coverage. That 15 weeks is an estimated actuarial average that, taking the country as a whole, could be supplied from a 3-percent tax. States with little unemployment might be able to increase it, but that would mean other States would be obliged to cut it down if their funds were to remain solvent. It is too short for security and short as it is, it is nationally uncertain under the bill.

An American innovation, as far as ideas go, is the recommendation of the Committee on Economic Security that there should be "work assurance" after the unemployment compensation of a worker is exhausted. Such work benefits as are to be supplied by the \$4,000,000,000 appropriation for emergency employment. The Wagner-Lewis bill does not indicate how such a plan is to be welded into the various State compensation experiments. Those of us who are closely in touch with the unemployed people of our neighborhoods feel strongly that work is preferable to either insurance or relief, but that so far it has not proved flexible enough or sure enough to be offered in the place of unemployment compensation for a long enough period to count. Certainly lack of program in the Wagner-Lewis bill would give no sense of security on this point. At best the American work benefit would take over at the point' where the compensation stops, just as the extended cash benefits of the British

system take over where its straight insurance coverage stops. But the straight insurance of the British system runs not for 15 weeks, as is proposed for our compensation plan, but for 26.

Our British inquiry showed us what this long benefit meant to English families, and our American studies in 1928 and 1929 showed that Americans needed the same length of protection. This was true of the families of breadwinners engaged in long hard search of jobs, whether their unemployment was due to mechanization or to business failure, to trade shifts, style changes or the other industrial changes that throw wage earners in the street. If you follow the footsteps of the unemployed, you find that they need time and a relatively free mind to find new jobs, and to swing into new trades. As an English workman put it to me, "I don't see 'ow without countin' on tea in 'is stomick and a roof over 'is 'end, an American 'as the 'eart to find 'imself a job."

You and I might differ as to the amount or length of benefit to be set at the start, but I hope that we should not differ in that, if we are framing a national system, we should not have it sag in this State or that to a point that will disgrace the whole program. For instance, to wait 2 weeks for compensation benefit to begin in one State and perhaps 2 months in another would seem from the workers' standpoint an unreasonable concession to experimentation. Greater extremes, of course, are possible all along the line.

One outstanding advance in the Wagner-Lewis bill of today is that it requires that in States that permit plant accounts, 1 percent of the s-percent pay-roll tax must be paid into a State pool, so as to safeguard the workers of the State when an establishment exhausts its reserves and cuts down its force. But such a State might nevertheless keep its benefits so low and pay them for so short a time that its employers might quickly build up the legal reserves that would enable them to drop off 2 percent of the pay-roll tax and continue only with 1 percent into the underlying State pool. Not only would the workers of that State be left with negligible protection, but the employers of other States would have to contend with unfair competition.

Minimum protection should not vary from State to State so that while unemployment compensation is a real protection to family life in some parts of the country, it becomes a farce in others. At best under such a system the unemployed are bound to bear the major part of the wage loss, and what we are concerned with is to work out something dependable through compensation to cover the rest.

Once more I urge that in the provisions of the Wagner-Lewis bill the unemployed be given a fuller protection by his Government against a hazard which, more than war itself, menaces family life and casts the shadow of insecurity over the lives of children.

THE CHAIRMAN. Thank you very much. Is Mr. Kolb here?

MR. KOLB. Are you going to adjourn the session for lunch and then come back in later?

THE CHAIRMAN. No; we are going to adjourn very shortly. If you have a statement that you can put in the record, Mr. Kolb, I would be glad to have you do so.

MR. KOLB. I do not care to do it that way, because some of these questions ought to be heard and therefore commented on at this time. It is a question of choice with you, of course.

The CHAIRMAN. Well, we are going to adjourn here in about 3 or 4 minutes. We have a number of witnesses on the calendar for tomorrow, but if we can get to you tomorrow we will do it.

Mr. KOLB. I would prefer to do it that way.

The CHAIRMAN. Is Mr. Ogburn here?

STATEMENT OF CHARLTON OGBURN, COUNSEL TO AMERICAN FEDERATION OF LABOR

Mr. OGBURN. Mr. Chairman, I am appearing, in addition to my interest as a citizen, also as legal counsel to about 1,600 labor organizations and international unions affiliated with the American Federation of Labor, to which I am also legal adviser, and I appreciate the privilege which I would like to use in confining myself, in a few minutes to the unemployment, insurance features of this bill.

The CHAIRMAN. All right, Mr. Ogburn.

Mr. OGBURN. As I go about the country I am deeply impressed with what is really an un-American trait that is developing and that is fear, that seems to permeate the ranks of the workers, which is occasioned by their tenuous employment and unemployment. I think I can relieve some apprehension that I meet occasionally that the worker does not want relief. The workers want work. Many of them will take short hours rather than go on relief.

What we do need in this country is security, a security that will bring back the American spirit that I find lacking in many quarters.

I testified before a Senate committee about a year ago and made the statement that I thought that perhaps the N. R. A. bill, if made permanent, might become the most important measure ever enacted by an American Congress. I think I can refine that forecast some by saying that it may well be that President Roosevelt may go down in history for this social-security measure more than for any other measure enacted during his administration.

I think that that may be the case with Lloyd George. One of the leading American correspondents, familiar with British legislation, who was the representative of every American newspaper for 12 years over there, has made the statement, that Lloyd George, because of the fact that he enacted the British measure in 1911, may be known more for that even than for his career as prime minister during the war.

The CHAIRMAN. It is your opinion that the general principles of the bill are good?

Mr. OGBURN. Yes. There are some desired changes, of course. I think this is not only an emergency measure but it is a measure of such utmost importance that time ought to be taken to study it and to bring forth a bill that will be a real credit to social security and which will possibly not discount some of the objects to be achieved by this bill.

Senator COUZENS. Have you any suggested amendments to make?

Mr. OGBURN. I have a number. President Green of the American Federation of Labor, I believe left with you a bill.

The CHAIRMAN. He left some suggested amendments.

Mr. OGBURN. Yes; which I would like to suggest, or at least urge upon you reporting out a substitute bill. We are not at all satisfied with the method of raising the funds, the method of taxation by which those funds are raised. We are certainly not satisfied with