

Senator HASTINGS. That is right.

Mr. VINSON. Consequently I do not think that is the intention at all.

Senator HASTINGS. That would go into the general fund. From a practical point of view, if the State wants only to levy a 3-percent tax to take care of the unemployed, it is undoubtedly going to levy it on the employer, because the employer pays to them and gets a credit from the Federal Government.

Mr. VINSON. In some States they do and in some States they do not. In some States they split it between the employer and employee.

Senator HASTINGS. But certainly, in order to prevent the Federal Government from getting that money, every State is going to impose that 3-percent tax upon the employer. That is the only way in which they can save it for themselves. It is true that there is nothing to prevent the State from taxing the employee and from adding to it through any general fund.

I thank the committee.

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

#### STATEMENT OF HON. GEORGE BURNHAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. BURNHAM. My name is George Burnham. I am a Representative from the Twentieth Congressional District of California.

Mr. Chairman, I am here this morning at the request of many of my constituents, approximately 50,000 of whom are anxious that the so-called "Townsend old-age revolving pension plan" should be enacted into law. Dr. Townsend has appeared before you and you have heard his plan explained and discussed.

For many months I have cooperated with these people to the extent that when I received many petitions, bearing thousands of names, early last spring, I filed them with the Speaker of the House of Representatives. I secured several copies of the plan describing the Townsend revolving pension and left one with the President, one with Miss Perkins, the Secretary of Labor, another with Harry L. Hopkins, Federal Emergency Relief Administrator, and I took one to Dr. Moulton, president of the Brookings Institution, with the request that he have it analyzed. I have cooperated with them to that extent.

They have urged me to introduce a bill whereby this Townsend plan might be enacted into law. I told them that I would be willing to introduce such a bill, but that did not mean that it would be enacted into law. I told them that it would be referred to a committee, undoubtedly the Committee on Ways and Means, because it provided some means of taxation. I told them also that that committee was composed of 24 or more intelligent, fair-minded business and professional men, who would analyze the plan from every angle. I told them that if it proved to be economically sound I would support it 100 percent, which I am ready to do.

I believe that Dr. Townsend is honest, earnest, and sincere.

This morning I received a letter from California, from the executive office, signed by the private secretary of Governor Merriam, dated February 1, 1935. [Reading:]

DEAR CONGRESSMAN BURNHAM: At the request of Governor Merriam, I am enclosing herewith certified copy of Assembly Joint Resolution No. 6, chapter 30, memorializing the President and Congress to carefully consider what is known as the "Townsend plan of old-age revolving pension."

This resolution was adopted by the California Legislature in the assembly on January 18 and in the senate on January 22.

With the Governor's compliments and good wishes.

Very truly yours,

MARK LEE MEGLADDERY, JR.,  
Private Secretary.

If you will permit me, I would now like to read this resolution from the California Assembly.

The CHAIRMAN. Yes; proceed in your own way.

Mr. BURNHAM (reading):

Assembly Joint Resolution No. 6, relative to memorializing the President and Congress to carefully consider what is known as the "Townsend plan of old-age revolving pension."

Whereas the care of the dependent aged has become so great a financial burden to some States that the economic welfare and stability of such States are seriously affected and even threatened; and

Whereas the problem of the care of the dependent aged has recently attained major proportions throughout the Nation, owing largely to the increasing mechanization of our industrial system and to the fact that the economic depression has destroyed the financial independence of a large number of our people, including even those who had prudently prepared for the time when they could no longer earn a livelihood; and

Whereas it seems wise to retire from industry and business those whose efficiency is declining because of advancing old age, thus giving more opportunity for employment and advancement to younger workers; and

Whereas experience has shown that when ownership of property disqualifies the owner for receipt of an old-age pension, a serious injustice is effected and a penalty imposed upon those whose prudence and thrift has led them to prepare for old age by investment in a home or other small holdings, but who have no income with which to support themselves and to preserve their property, particularly since there is often no market for the property"; and

Whereas, Dr. F. E. Townsend, of Long Beach, Calif., has devised a plan commonly known as the "Townsend plan of old-age revolving pension"; and

Whereas the President of the United States has recognized the responsibility of the Federal Government in this matter and has indicated that he will recommend to the Congress of the United States, at its next session, that there be legislation bearing on this problem: Now, therefore, be it

*Resolved by the Assembly and the Senate of the State of California, jointly,* That the President and the Congress of the United States is hereby respectfully urged to carefully consider the enactment of an old-age pension law and to study the "Townsend plan of old-age revolving pension"; and be it further

*Resolved,* That the Governor of the State of California is hereby requested to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Member of the House of Representatives from California in the Congress of the United States, and that such Senators and Members from California are hereby respectfully urged to study such legislation.

That, Mr. Chairman, is all that I am asking, that this committee give a fair and impartial hearing to this plan evolved by Dr. Townsend.

Mr. HILL. That is all the legislature is asking this Congress to do?

Mr. BURNHAM. Yes.

Mr. HILL. That is, to give a careful study to the Townsend plan?

Mr. BURNHAM. Yes. There are many features of the plan, I believe that are desirable; so far as the economics of it are concerned, I am not prepared to go into that, this morning, at least. But I do believe, however, that the plan should be submitted to statisticians and trained economists who are qualified to fathom it and analyze it from every angle. That was the reason I carried a copy of it to Dr. Moulton, president of Brookings Institution.

Mr. HILL. May I ask the gentleman from California whether he is advocating the passage of the Townsend old-age pension plan?

Mr. BURNHAM. I will say, Mr. Hill, that I believe that the bill as prepared and introduced is very loosely drawn. There are some features of it that look reasonable and feasible, and would undoubtedly be a boon to humanity.

Mr. HILL. Is the gentleman from California advocating the plan?

Mr. BURNHAM. I am, and believe it worthy of serious consideration. I have not had the means to have it analyzed. I have talked to Dr. Townsend and I have asked him, "Why do you not place this before some trained economists?" He told me that it would cost \$15,000 to do that, and he does not have the money.

The CHAIRMAN. He testified here the other day that they had already raised \$40,000. Surely he could not spend it for any better purpose than to get statistical facts.

Mr. BURNHAM. Absolutely true. I agree with you. But I know nothing about their organization, except that there are approximately 50,000 of my constituents who are urging me to see that this bill is brought before this committee for fair and impartial hearing.

Mr. HILL. I understand you to say you have submitted it to Dr. Moulton of the Brookings Institute.

Mr. BURNHAM. Yes.

Mr. HILL. You have asked him for an analysis of it?

Mr. BURNHAM. Yes.

Mr. HILL. Have you received any analysis from him?

Mr. BURNHAM. Yes; I received a letter from Dr. Moulton a few days after I left it with him. He said there were some features of it very desirable.

Mr. HILL. Do you have the letter?

Mr. BURNHAM. Yes; in my files in my office. I do not have it with me. I did not expect to go into that phase of it this morning. I would be glad to submit it to the committee. In substance, it was this, that you could not use an old-age insurance plan for the purpose of bringing about economic recovery in this country. I think myself that he, like many others, jumped at the conclusion that it would require some 24 billions of dollars per annum to pay this proposed insurance to the elderly people. Of course, it would not require any such sum as that, as I understand it. There are some 10,300,000 people in this country who have reached the age of 60 years. They would not all be eligible. Many of them would not desire it. Many men who have reached the age of 60 years are still gainfully employed as executives. Many also are not naturalized citizens. Some have criminal records. It is estimated that there would be approximately 5,000,000 people in this country who have reached the age of 60

years who would be eligible and perhaps apply for this pension. In that case it would be a billion dollars a month, or 12 billion dollars a year, and not 24 billion dollars.

Mr. HILL. Dr. Townsend himself, as I recall, estimated that approximately  $7\frac{1}{2}$  million people would qualify, and it would cost a billion and a half dollars a month to pay the \$200 pensions. As I understand, that is their own testimony, about \$18,000,000,000, according to their own statement.

Mr. BURNHAM. I heard Dr. Townsend make that statement here the other day. Of course, those are all estimates. That is the reason I say that we should have the actual figures and the statistics, which I presume are available.

Mr. HILL. How would you get those until you began qualifying these people for these pensions?

Mr. BURNHAM. They would be available to this committee. I presume this committee could secure those facts and figures perhaps easier than Dr. Townsend might.

Mr. HILL. The gist of your testimony is that you are taking a neutral stand, you are not for the bill and you are not against it. Is that it?

Mr. BURNHAM. Mr. Hill, I will state this, that for many years I have been an ardent advocate of a liberal old-age-pension plan. I believe that the aged people should be adequately cared for and not be made to feel that they are objects of charity.

Mr. HILL. We all agree with that, but are you for the Townsend plan? That is what I am getting at.

Mr. BURNHAM. I understand that the Townsend bill—

Mr. HILL. Well, are you for it?

Mr. BURNHAM. Is to be rewritten.

Mr. KNUTSON. Will the gentleman yield right there?

Mr. HILL. No. I want an answer to my question. Are you for the Townsend plan?

Mr. KNUTSON. You will be if we report it out.

Mr. HILL. Wait a minute. This is my question: Are you for the Townsend plan?

Mr. BURNHAM. All right, Mr. Hill, I will be glad to answer your question. Yes.

Mr. HILL. That is all I want to know.

Mr. BURNHAM. The Townsend bill—

Mr. HILL. I did not ask you about the Townsend bill. I said the plan.

Mr. BURNHAM. Introduced by Mr. McGroarty, as it is drawn, I do not think that it is practical.

Mr. HILL. Are you for the Townsend plan?

Mr. BURNHAM. Some phases of it, yes; absolutely and emphatically, yes.

Mr. HILL. What phases, now? We will get particulars.

Mr. BURNHAM. I am in favor of paying the old people a liberal pension; those who are entitled to it.

Mr. HILL. That is not peculiarly the Townsend plan. There are a lot of plans of that kind.

Mr. BURNHAM. I will say that I am in favor of a liberal old-age pension plan.

Mr. HILL. But you are not saying you are for the Townsend plan?

Mr. BURNHAM. I do not care what the name is.

Mr. KNUTSON. I take it from your remarks that you are in favor of the most liberal old-age pension that it is possible for this committee to report out.

Mr. BURNHAM. Yes.

Mr. KNUTSON. And if this committee reports on the Townsend bill, you will vote for it.

Mr. BURNHAM. Yes. If the committee reports the measure I would consider it sound.

Mr. HILL. Let us have an answer to that.

Mr. KNUTSON. I will withdraw that question.

Mr. HILL. No; I think the witness wants to answer it.

Mr. TREADWAY. I would like to intrude there just a moment, by making the remark that there is no obligation on the witness to answer such a question. The proponent of the question wants to withdraw it. I can see why he wants to withdraw it, because, whatever bill this committee should report out, it would not be labeled the Townsend plan, probably. I do not know when we have ever passed a bill that was not changed in this committee, except when sent up here by the present administration. That has occurred. But I think it is unfair for the gentleman from Washington to insist that the witness should answer a question of that character, because perhaps when the Townsend bill was actually reported out, if ever, it would not carry the ideas that it now does nor have the provisions in it that it now does.

Mr. HILL. Now will the gentleman yield to me?

Mr. TREADWAY. Certainly, but I still insist the gentleman has the right—

Mr. HILL. The gentleman from Minnesota asked him whether if the committee would report out the bill he would support it.

Mr. KNUTSON. I did not yield to the gentleman.

Mr. TREADWAY. No. I intruded and said that the gentleman should not be asked to answer a question of that character.

Mr. KNUTSON. The gentleman from California will vote for the most liberal bill that this committee sees fit to report out. That is, you will take the judgment of the committee?

Mr. BURNHAM. I will state this, that I have absolute confidence in the judgment and in the fairness of the members of this committee, and will be guided largely by their recommendations. All I am asking today is that this plan submitted by Dr. Townsend be given serious consideration.

Mr. TREADWAY. Now, Congressman—

Mr. HILL. Will the gentleman yield to me for a question now?

Mr. TREADWAY. Not for the question you have tried to crowd in. Let me finish with him, and then you can take him. I have the witness in hand. I do not admit the fairness of the question that you are trying to press on him and therefore prefer not to have it asked, in my time; if he sees fit to make a direct answer to you later, that is your privilege. But let me have a word here now just for a moment.

From your knowledge of the method in which this committee carries on its work, you would expect, would you not, that any suggestion coming to this committee from as many citizens as evidently

have signed up in favor of the Townsend bill would receive the careful consideration that you are asking of this bill?

Mr. BURNHAM. Yes.

Mr. TREADWAY. You would expect that, would you not?

Mr. BURNHAM. I certainly would.

Mr. TREADWAY. Your experience with and knowledge of the working of this committee guarantees that it will have that treatment by this committee?

Mr. BURNHAM. Yes.

Mr. TREADWAY. Just one other idea: Your colleague, Mr. Collins, appeared a short time ago before the committee. You probably heard his testimony.

Mr. BURNHAM. Yes; I did.

Mr. TREADWAY. Are you in harmony with his viewpoint?

Mr. BURNHAM. I thought his statement was very fair.

Mr. TREADWAY. Are you not in somewhat the same position in testifying here as he was?

Mr. BURNHAM. Yes.

Mr. TREADWAY. You realize that a great number of your constituents are urging Congress to pass this legislation as suggested by Dr. Townsend. Is not that correct?

Mr. BURNHAM. Mr. Treadway, I cannot disregard the wishes of my constituents.

Mr. TREADWAY. That is what I was coming to.

Mr. BURNHAM. Yes. I am a servant of the people, of course, as we all are.

Mr. TREADWAY. This subject was probably much more acute in California last autumn or last summer than in any other part of the country.

Mr. BURNHAM. I imagine so.

Mr. TREADWAY. In the course of the political upheavals it was a factor to a certain extent in the campaign?

Mr. BURNHAM. Yes.

Mr. TREADWAY. Did you or did you not intimate to your constituents that you would place before Congress and this committee, or whatever committee the bill after being introduced was referred to, their views as their representative?

Mr. BURNHAM. Yes. And Mr. Treadway, not only that, but as I have suggested before, I have tried to be fair with those people and with all. I urged Dr. Townsend months ago, before the President had formulated his plans, to come to Washington. I even sent him a small contribution to help pay his way (because I knew that he was not able to) to lay his plan before the President. The President is a fair-minded man. They could discuss it freely and openly. He might have been able to convince the President that his plan is feasible, and on the other hand, the President might have convinced Dr. Townsend that he was entirely wrong or at least wrong in some of his conclusions.

Mr. TREADWAY. In other words, you have conscientiously carried out your duty and obligation to your constituents.

Mr. BURNHAM. That is what I am trying to do now.

The CHAIRMAN. How do you reconcile the statement you have just made that Dr. Townsend was not able financially to come to Washington to present his views with his statement that they had already collected \$40,000.

Mr. BURNHAM. Mr. Chairman, the incident that I am relating occurred some 5 months ago; to be exact, it was on the 1st day of September. I talked to Dr. Townsend at that time and he told me that he did not have the money to come to Washington.

The CHAIRMAN. They were collecting money at that time, were they not?

Mr. BURNHAM. That I do not know.

The CHAIRMAN. They had field workers at that time and were issuing general propaganda advertising this scheme, making a big drive for money. Has that not been your understanding? Is not that common knowledge throughout the country?

Mr. BURNHAM. No; I have no knowledge of that.

The CHAIRMAN. I mean common knowledge, not definite knowledge. Is that not the common understanding?

Mr. BURNHAM. I do not believe it is.

The CHAIRMAN. They made a general, Nation-wide appeal.

Mr. BURNHAM. I tell you as far as I know, that is as far as I can tell you. I am not going to guess at anything. There are many Townsend clubs throughout my district, and those people contribute, as I understand it, 1 cent a month, a penny a month. What it amounts to and what the money is spent for, I have no knowledge.

The CHAIRMAN. Is not a penny the minimum? They are making, I will not say a demand, but an urgent request that liberal contributions be sent in.

Mr. BURNHAM. I do not know.

The CHAIRMAN. That was put in the record here.

Mr. BURNHAM. I do not know, Mr. Chairman.

Mr. COOPER. After you suggested to Dr. Townsend that he come to Washington to present his plan to the President—and I believe you said you made some small contribution to help?

Mr. BURNHAM. That is a fact, yes.

Mr. COOPER. Anyhow, you suggested to him that he come to Washington, as far back as last September, and present his plan to the President. That is true, is it?

Mr. BURNHAM. Yes.

Mr. COOPER. Do you know whether he ever did that or not?

Mr. BURNHAM. I do not think he did, no. I will state further that I wired the President also and asked the President if he would see Dr. Townsend. I received a letter from Louis McHenry Howe, I think it was, or it may have been from Marvin McIntyre, but at any rate from one of the secretaries, stating that the President had referred my wire to the committee which he had appointed to study old-age pension plans. My reason for taking these pamphlets to the Secretary of Labor and to Harry L. Hopkins, was so that Hopkins might have it before he went to Europe to study old-age pension plans. As a matter of fact, it was for them to get all the information possible. I am interested in a practical plan to take care of aged and worthy people.

Mr. COOPER. I believe you say that Dr. Townsend, so far as you know, never did see the President about it?

Mr. BURNHAM. No; I do not think he ever has.

Mr. COOPER. He never did attempt to, so far as you know?

Mr. BURNHAM. Yes; I think he attempted to later, but he did not at that time. I think several months later he did attempt to see the President, after the President's plan had been announced.

Mr. COOPER. Before it had been announced, do you know whether he ever submitted his plan to this committee appointed by the President?

Mr. BURNHAM. I do not know.

The CHAIRMAN. I read here from excerpts from a document which Mr. Hopkins read before the committee. This is an excerpt from literature that is being sent out by the Townsend organization. [Reading:]

Obtain from the newspapers all possible publicity, both for the Townsend plan and for this meeting. It should be possible to have newspaper publicity each and every day of the week before the meeting. Draw the attention of the press to the fact that this will be the largest simultaneous meeting ever held in the world. Use every means of publicity possible.

Make a big noise about this meeting and it's going to be the greatest thing of the kind ever attempted.

It is believed that many of the churches will be willing to cooperate with you in this movement, but please have it understood that you will be allowed to take contributions for campaign funds.

The speaker should urge every interested person to give a dollar or as many dollars as possible. The dollar idea should be put into the minds of the people. Have the speaker stress that everyone should help with all they can afford, be it much or little, but we do not want the widow's mite.

That does not look as if there would be any scarcity of funds——

Mr. BURNHAM. It would depend upon the response, of course.

The CHAIRMAN. In their method of campaigning, spreading propaganda in the interest of legislation.

Mr. BURNHAM. It is, of course, done all the time. I do not know who is paying for these radio talks that we hear every week and perhaps every night on various matters of legislation.

The CHAIRMAN. I understand, but we were on the question of Dr. Townsend's poverty, not being able to come here to present his views.

Mr. BURNHAM. Mr. Chairman, I can merely state what Dr. Townsend told me, that he did not have the money wherewith to pay the expense.

The CHAIRMAN. You made a contribution to help him come?

Mr. BURNHAM. Yes; and it was unasked; it was not solicited.

The CHAIRMAN. You must have been very deeply in sympathy with his particular plan, I take it from that.

Mr. BURNHAM. Yes. I wanted to help these aged people.

The CHAIRMAN. I would not think that if anyone had a plan or a scheme similar to this which he wanted to present here that you would contribute to just any and all of them. I take it that you must be especially interested in the Townsend plan, by your making an unsolicited contribution.

Mr. BURNHAM. Yes, Mr. Chairman, and I would have done the same thing for any worthy cause. Was it not logical, was it not the best thing to do, to urge Dr. Townsend, who believes earnestly that he has a plan for recovery and for help of the aged people, to sit down and counsel with the President and discuss his plan and learn the President's views?

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

Mr. BURNHAM. Yes, sir.

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

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

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

Mr. BURNHAM. Yes.

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

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

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

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

Mr. DUNCAN. Mr. Hudson.

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

Mr. DUNCAN. The record shows that.

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

Mr. BURNHAM. That is all I can ask.

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

Mr. BURNHAM. Then they have done their duty.

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

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

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