The CHAIRMAN. Yes, sir.

Mr. REED. Who is the author of the workers' bill?

Mr. AMITER. The original writer of the workers' bill was the Communist Party, and it was then popularized among the masses of this country, through 4 years of struggle by the National Unemployment Council.

Mr. REED. You say it is introduced now in Congress?

Mr. AMTER. It was introduced into Congress. I have a copy here that I will leave with you.

Mr. REED. Who is the author of the bill? Who introduced it?

Mr. AMTER. Congressman Lundeen.

Mr. REED. Thank you.

Mr. AMTER. I might state further that the bill has already been introduced into the State Legislatures of California, Massachusetts, and Connecticut, and is about to be introduced in 5 or 6 more States.

Mr. THOMPSON. Is your organization communistic?

Mr. AMTER. Our organization is not communistic, though I am a Communist. Our organization is made up of all workers, political connections or affiliations making no difference whatever.

The CHAIRMAN. We thank you.

Mr. AMTER. I would just like to say a word.

The CHAIRMAN. Your time is up, but go ahead for one word.

Mr. AMTER. I would like to have introduced, as I said before, a more complete statement of this situation, because I believe it is in the interests of the Ways and Means Committee and also of the Government as a whole, to have an expression of opinion from the followers of the Wagner-Lewis bill, but the incident yesterday made it perfectly clear that when Mr. Benjamin, of the National Joint Action Committee, was ejected from the hall, it would be impossible for me to make a statement such as is necessary in a situation of this kind.

The CHAIRMAN. He was offered an opportunity to extend his remarks, and he was given the same consideration that every other witness has been given.

Mr. AMTER. I know he was ejected.

The CHAIRMAN. He asked for 5 minutes. We gave him 10 minutes. Mr. Henry Ellenbogen, Representative from Pennsylvania, will be heard at this time. Mr. Ellenbogen, you may proceed for 5 minutes, with the privilege of extending your remarks.

## STATEMENT OF HON. HENRY ELLENBOGEN, REPRESENTATIVE THIRTY-THIRD DISTRICT OF PENNSYLVANIA

Mr. ELLENBOGEN. Mr. Chairman, members of the committee, I thoroughly agree with the principles of this bill. It marks a great forward step in social legislation, and we are all very happy about it.

I should like to call attention to just a few details in order to be able to complete within a short time. As regards old-age security, the bill is divided into three parts; an old-age-pension system for those who are now aged, a compulsory Federal old-age-insurance system for those who are under 60 years of age, and a voluntary system of

sales of annuities by the Federal Government for those nonmanual employees who make over $250.

I should like to urge upon the committee to amend those sections of the bill that fix an age limit of 65 years. As the bill is now drawn, the States would not have the power to pass laws providing for an age limit of 60 years if they desire to take advantage of the grant-in-aid by the Federal Government. I believe that the States should have the power to pass old-age-pension laws which provide for old-age-pension payments beginning at 60 years. I think that discretion should be left to the States, and the Federal Government should not say their laws must begin at 65 years.

I also would like to suggest, Mr. Chairman, that there is no need for the 5-year period from 1935 to 1940, for the beginning of even the 65-year limitation.

Mr. KNUTSON. Upon what do you base that statement?

Mr. ELLENBOGEN. That there is no need?

Mr. KNUTSON. Yes.

Mr. ELLENBOGEN. I will come to that in one moment. I would just like to explain that as the bill is now drafted it provides that after January 1940 the State law must provide that persons 65 years of age or over should be entitled to a pension. Now, I say that that should be changed, if that is to remain in the bill, to January 1, 1937, because all the State legislatures are in session this year, or will be in session next year, and I think if the age limit is to be 65, we should not have to wait until 1940.

I suggest that the bill provide that by a certain definite time, the States must have an age limit of 65 years and that they be given the right to reduce that age limit to 60 years if they so desire, with the Federal Government providing 50 percent of their expenditures for all old-age-pension payments.

I would also like to suggest to the committee that the maximum contribution of the Federal Government be increased from $15 per person per month to $20, so that in the cities where the cost of living is high, the States would be willing to grant a higher pension.

Mr. VINSON. There is nothing in the bill, as I understand it, Mr. Ellenbogen, that prohibits the States from giving any old-age pension they may enact.

Mr. ELLENBOGEN. I thoroughly understand that, Mr. Vinson; but when the Federal Government lays down the principle that $15 is one-half of a maximum contribution, the States are most likely to follow, so that $30 would be the maximum contribution, in fact and I know that you gentlemen realize that, for instance, in the State of New York, while the average old-age pension is somewhere between $22 and $23, in New York City it amounts to about $40, because the cost of living in the cities is higher than the cost of living in the country districts.

Mr. KNUTSON. But the bill we have before us reflects the views of this administration and, as I understand it, it is based upon the result of exhaustive hearings. Now, of course, it is very easy for you to come before the committee and tell us that we ought to raise this and lower that.

Mr. ELLENBOGEN. Will that be taken out of my time?

Mr. KNUTSON. No; I will see that you get more time.

Mr. ELLENBOGEN. Thank you.

Mr. KNUTSON. But I do not think you are contributing anything to this, so far. I thought you were going to have some constructive suggestions.

Mr. ELLENBOGEN. Mr. Knutson, my suggestions are constructive. I feel that the first for old-age pensions has been a long fight. It has been an uphill fight. We are within sight of the goal. I feel that this is the time to give us as liberal system as we can get.

Mr. KNUTSON. Do you not think you can trust the committee to be as liberal as the traffic will bear?

Mr. ELLENBOGEN. Well, I certainly do, and that is why I have come before the committee and urge upon the committee the point of view that I represent.

Mr. KNUTSON. I do not think we need any urging to be liberal. We are going to be just as liberal as we can.

Mr. ELLENBOGEN. Why should not the States have the power to make it 60 years or 63 years or 62 years?

Mr. LEWIS. I submit, if you read this act fairly, they do have that power.

Mr. KNUTSON. Certainly.

Mr. ELLENBOGEN. They have the power, Mr. Lewis, but they do not receive a Federal grant in aid for any pension paid under 65 years.

Mr. LEWIS. Oh, certainly not.

Mr. ELLENBOGEN. That is the point.

Mr. LEWIS. The feeling of those who take the high responsibility for this administrative measure is that 65 represents the maximum of liability they can assume under our conditions. If any fortunate State can add to that by lowering the minimum to 60, God bless them in their purpose.

Mr. ELLENBOGEN. I would like to say to the committee at this point, to be absolutely fair, that there is not a State in the Union that at the present time has a lower age limit than 65 years. Most of the States have an age limit of 70 years, even forward-looking States like New York, Massachusetts, and California; but I should like to have the bill permissive, so that the States, if they desire to have it lower, may have that power.

Mr. KNUTSON. We are going to be just as liberal as we can.

Mr. ELLENBOGEN. Now, I should like to come to one other question.

Mr. KNUTSON. We realize that the things you are advocating are very popular, politically, back home.

Mr. ELLENBOGEN. I feel they are sound, too, economically speaking, Mr. Knutson. And now, Mr. Chairman, I would like to call the attention of the committee to a feature of the Federal old-age-insurance plan proposed in the bill, which I feel is of great importance. This feature relates solely to the establishment of old-age-insurance systems and not to the old-age-pension system.

As the bill is now drafted the amount of the insurance benefits paid to the employee when he reaches the age of 65 years depends upon the amount of contributions made by him and by the employer. I feel that such a plan will be very difficult to administer. It requires that the Social Insurance Board which will administer the old-age-insurance system must maintain a separate account for every man, woman, and child employed in the United States and eligible under

the provision of the contributory old-age-pension system. It means the establishment and continuous upkeep of a bookkeeping system with millions and millions of accounts, as many separate accounts as there will be insured employees. Instead of varying benefits, benefits that vary with the amount of contributions, I want to propose to the committee a flat rate of benefits. That means that each insured employee would receive in his old age the same amount regardless of the money paid or contributed by him and his employers into the insurance fund.

Great Britain which has a contributory old-age-insurance system provides for flat rates, for rates which do not depend on the income of the insured. It is the same rate of benefits for all insured. That, Mr. Chairman, of course means that those in the lower income classes receive somewhat larger benefits than they would actuarilly be entitled to through the benefits paid in by them or in their behalf and that those employees who are in the higher income classes receive less than they have paid for. Such a flat-rate provision would be of particular aid to the class of low-income wage earners. I want to impress particularly the administrative feature of it. A system of flat-rate benefits would not require a complicated bookkeeping system, whereas the changeable rate of benefits which is now provided would demand the most complicated system of bookkeeping in existence anywhere in the world.

Mr. Chairman, the time allotted to me is nearly exhausted and I want to call attention to just a few of the main features of the unemployment insurance program.

Like many others I prefer a national system of unemployment compensation to a State-wide system. I prefer a national unemployment compensation system, because industry in the United States is not organized on a State-wide basis—it is organized on a national basis. Our industries do not know State lines. Our workers often migrate from plant to plant regardless of State boundaries. Further, it is only a national system which can provide for the employees fair treatment in all the States and for the employers similar competitive conditions. If we adopt State-wide systems instead of one national system, we shall have unemployment insurance or compensation laws which will differ as widely from each other as workmen's compensation laws now differ in the various States. Only a national law can avoid gross inequalities and grave injustices.

I also want to add a word of warning. The device of levying a pay-roll tax of between 1 and 3 percent, adopted in the bill which is now being considered by this committee, does not assure the creation of unemployment insurance or compensation systems in all the States. Only the future can tell, but I feel that the pay-roll tax device with credits against it for contributions to a State-wide system, will, in many States, not provide sufficient pressure to bring about the enactment of unemployment compensation systems.

If the plan adopted in this bill is retained, I earnestly suggest to the committee that the following changes or amendments be adopted, so as to provide certain definite minimum standards which each State must adopt. I suggest that no State system of unemployment compensation be approved unless it contains the following minimum standards. These standards should be compulsory for each State that desires to qualify under the provisions of the Federal bill:

1. Provisions must be made for a State-wide pooling of unemployment reserves. The so-called "Wisconsin plan", the adoption of company reserves, or industry reserves is not social insurance. It does not spread the risk over at least a State-wide territory. Separate reserves for each plant, company, or industry may be of advantage to some particular concern, but they are not unemployment insurance.

2. There should be a maximum (accumulated) waiting period of 3 weeks. That means that no State law should be approved which provides that an employee must wait longer than 3 weeks after losing his employment before he is eligible to unemployment benefits. The 3-week period is to be cumulative for the whole year.

3. Every State law should have unemployment benefits of 50 percent of the wages previously earned, not exceeding $15. If the benefits vary in cases of single and married employees and with the number of dependents, the minimum standard should provide for unemployment benefits of from 40 to 60 percent of the wages depending on the number of dependents, with a maximum compensation of $15 per week.

4. Every law should provide for a minimum period during which unemployment benefits must be paid. I suggest 26 weeks as a desirable minimum, but it can probably not be had at the present time.

5. No State shall be permitted to obtain the contributions toward the unemployment insurance or compensation fund from the employees. Employees will have to make their contributions to the Federal old-age-insurance system. They cannot pay additional contributions to unemployment-insurance funds. Further, the contributions which will be made by the employers will be included in the price of the goods sold and thus shifted upon the consumer. Unemployment benefits are a legitimate item of cost of industrial production. They should not be imposed upon the worker who could not, in any possible way, shift his contribution upon the consumer. Every employee would, of course, make his contributions at any rate as a consumer.

I am willing to concede that in old-age-insurance systems employees should contribute, and have contemplated such a contributory old-age-insurance system in a House resolution (H. Res. 249) which I introduced last year and which was passed on February 15, 1934. Old-age insurance is a method of saving and thus the costs should properly be shared by the employees; also old age is not a risk of industrial employment. But the matter is entirely different when it comes to unemployment insurance. The cost of unemployment insurance should be imposed upon the employer alone or upon the employer and the public treasury. They should not be paid by the employee even in part.

Mr. Chairman, I want to thank you and the committee for the opportunity given me to appear and testify on this important bill. It is indeed a privilege which I greatly appreciate.

Thank you very much. I appreciate the courtesy of the committee.

The CHAIRMAN. At this point the committee will take a recess until 10 o'clock tomorrow morning. We hope to hold only a morning session tomorrow. We do not expect to have an afternoon session.

(Thereupon, at 3:40 p. m., the committee adjourned until tomorrow, Saturday, Feb. 2, 1935, at 10 a. m.)