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   Section by Section Summary of H.R. 2893, A Bill to Extend and Improve the Old-Age and Survivors Insurance System, to Add Protection Against Disability, and for Other Purposes—Committee on Ways and Means—Committee Print—March 26, 1949
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Listing of Reference Material
REVENUE ACT OF 1950
(excerpts only)
FEDERAL OLD-AGE AND SURVIVORS INSURANCE SYSTEM AND SOCIAL SECURITY ACT—BILL PASSED OVER

The bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child-welfare provisions of the Social Security Act, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, the subject matter of this bill is not calendar material at all. I think the bill should be passed over. Therefore, I object to its present consideration.

The PRESIDING OFFICER. Objection being heard, the bill is passed over.
Mr. GEORGE. Mr. President, I move that the Senate proceed to the consideration of House bill 6000, to amend the Social Security Act.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 6000) to extend and improve the Federal old-age and survivors' insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Georgia.

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment, to strike all out after the enacting clause and to insert an amendment in the nature of a substitute.

Mr. WHERRY. Mr. President, I inquire of the distinguished Senator from Georgia whether he intends to start speaking and to explain the bill this evening.

Mr. GEORGE. Mr. President, in view of the hour, and the fact that I have engaged in debate into which I unexpectedly fell, I would rather wait until tomorrow. I know also that several other Senators wish to attend the funeral of Mrs. Vandenberg.

Mr. WHERRY. Mr. President, I wonder if I may have unanimous consent to address an inquiry to the majority leader.

Mr. GEORGE. I have no objection to laying the bill aside temporarily in order that the Senate may proceed to something else. I know that if possible members of the Committee on Finance would like to be excused from the Senate until tomorrow morning.

Mr. WHERRY. In view of the statement made by the distinguished Senator from Georgia, and also because there are several Senators who would like very much to attend the funeral services of Mrs. Vandenberg, I ask the majority leader whether it would not be possible to recess until tomorrow at noon.
SOCIAL SECURITY ACT AMENDMENTS
OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

Mr. GEORGE. Mr. President, I ask unanimous consent that Mr. Robert J. Myers, chief actuary of the Federal Security Agency, be allowed to occupy a seat in the Senate Chamber during the discussion of the pending bill.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. GEORGE. Mr. President, I ask unanimous consent that Mr. Robert J. Myers, chief actuary of the Federal Security Agency, be allowed to occupy a seat in the Senate Chamber during the discussion of the pending bill.

Mr. GEORGE. Mr. President, I ask unanimous consent that Mr. Robert J. Myers, chief actuary of the Federal Security Agency, be allowed to occupy a seat in the Senate Chamber during the discussion of the pending bill.

Mr. GEORGE. Mr. President, I ask unanimous consent that the amendment (H. R. 6000) be first considered and perfected.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The senator will state it.

Mr. TAFT. I take it that the effect of such unanimous consent would be to place the committee amendment in the position of the original bill, so that it would be open to amendment in the first degree; is that correct?

Mr. GEORGE. Yes; that is true.
The President pro tempore. The statement of the Senator from Ohio is correct under the rule. Without objection, the request of the Senator from Georgia is granted.

This question is on agreeing to the committee amendment.

Mr. George. Mr. President, H. R. 6000, as amended by the Committee on Finance, is designed to make the contributory social-insurance system the major method of providing protection against the economic hazards resulting from old-age and premature death. Fifteen years have elapsed since the enactment of the Social Security Act, and public assistance still is the primary method of providing security for aged and dependent children of the Nation. Thus the States will be enabled to provide more adequate assistance to needy individuals who do not qualify for insurance benefits.

I believe that enactment of this bill with its major emphasis on the expansion of social insurance and its contributory system will provide for reasonable security for those covered by it without sacrificing the principles of liberty so important to all Americans. Under social insurance the workers who are entitled to benefits are clearly defined. Payments are related to the contributions of the worker to some extent at least. Each individual insured under the program will have to pay a premium in order to receive upon meeting the prescribed statutory requirements. The law specifies unequivocally what he is eligible to receive. He is not dependent upon the judgment of some well-meaning but whose judgment it is to inquire into the personal life of the applicant, and to determine what assets he may have or might have had in the past as is the case under public assistance. Moreover, under the insurance system the amount of an individual's payment is not dependent upon the fiscal ability of the locality or the State in which he lives, as is too often the case under public assistance. The average old-age assistance payment now ranges from $19 in the lowest State to $71 in the highest. Wide disparity also exists among the States in the proportion of the aged population found eligible for old-age assistance. One State provides aid to more than 80 percent of its aged residents while others limit their payments to less than 10 percent. These contrasts cannot be justified on the basis of varying economic conditions.

This inequitable treatment of our aged citizens is becoming more and more pronounced each year. The adoption of House bill 6000, as revised, will reverse this trend and provide reasonable social security through contributory social-insurance programs for all aged persons who do not qualify for public assistance. The law specifies unequivocally what he is eligible to receive. He is not dependent upon the judgment of some well-meaning but whose judgment it is to inquire into the personal life of the applicant, and to determine what assets he may have or might have had in the past as is the case under public assistance. Moreover, under the insurance system the amount of an individual's payment is not dependent upon the fiscal ability of the locality or the State in which he lives, as is too often the case under public assistance. The average old-age assistance payment now ranges from $19 in the lowest State to $71 in the highest. Wide disparity also exists among the States in the proportion of the aged population found eligible for old-age assistance. One State provides aid to more than 80 percent of its aged residents while others limit their payments to less than 10 percent. These contrasts cannot be justified on the basis of varying economic conditions.

In urging the adoption of this bill, your committee is mindful of the fact that it does not do the whole job. Public assistance can be reduced to a minimum only if those already old, and who have not been afforded the opportunity to participate in the contributory system, have their needs met through a method other than assistance. There has not been sufficient time to arrive at definite conclusions as to the present aged who do not have the benefit of the labor force should be protected from want. Your committee has recommended therefore, that further study be given to this and other factors which may not have been considered in the bill so that within the next year or two a sound social security system, which affords equitable protection for all citizens of the United States, can be put into full operation. In the meantime the adoption of H. R. 6000, as revised with its higher insurance benefit level and liberalized eligibility requirements will lessen the immediate demand for public assistance payments in the States. Thus the States will be enabled to provide more adequate assistance to needy individuals who do not qualify for insurance benefits.

First. Self-employed: About 5,000,000 self-employed persons other than farmers, members of certain professions, and those with only normal earnings from self-employment, less than $400 per year, are dependent upon the system. A small-business man would for the first time be provided with social-security protection for himself and his dependents. The committee continued the exclusion of farmers who are self-employed because there has been little indication that they desire coverage at this time. It is probable that in the future, as the program becomes more effective, these professional and business groups may desire to be brought under the system. The inclusion of a large number of people who do not request coverage may create administrative difficulties.

Second. Agricultural workers: Workers on farms who are employed by one employer at least 60 days and earn $50 or more in a calendar quarter are covered, and in addition, those engaged in processing and packing of agricultural and horticultural commodities are covered. These workers, as those engaged in processing and packing of agricultural and horticultural commodities off the farm, are brought under the system. These groups total about 1,000,000 per year. Your committee have carefully studied the extension of coverage to workers on farms. It proposes this limited extension of coverage at this time in order to assist in administration for the farmer. There is no question but that workers on farms, including migratory workers and sharecroppers, need social-security protection. The public-assistance loads in the agricultural States reflect this need. To go beyond the coverage that is proposed in the bill, however, without further study of the administrative problems that would arise, would be impracticable.

Third. Household workers: Aproxi- mately 1,000,000 domestic servants in private homes, other than in homes on farms operated for profit, who work for one employer at least 24 days and earn $50 or more in a calendar quarter are covered. Domestic servants in farm homes are covered as agricultural labor, and so must work for one employer 60 days in a calendar quarter in order to be covered. Again, as with farm workers, coverage would be extended to domestics in private homes only as to those who can be brought under the system without creating complex administrative problems. The household workers who are not regularly employed by one employer need social-security protection, but the committee believes that administrative experience through coverage of the limited group should first be obtained in order to assure successful operation of the system in this new area.

Fourth. Governmental employees: Certain employees of the Federal, State, and local governments who are not under
a retirement system are afforded coverage under the bill. Federal civilian employees, numbering about 200,000, are covered on a compulsory basis. State and local employees, numbering about one out of five, are also to be covered through State-Federal agreements. Coverage of State and local employees who are under a retirement system has been excluded by the overwhelming weight of testimony heard by your committee favoring such exclusion.

Fifth, Nonprofit and religious institutions: About 600,000 employees of nonprofit and religious institutions are afforded coverage. Those employed by nonprofit organizations not owned or operated by a religious denomination are covered under a compulsory basis in the same manner as are other employees, but the coverage will be extended to employees under the bill so as to avoid raising administrative problems. Therefore, such employees would be brought under coverage only if their employer exercised the option granted by the bill of compulsory coverage. In certain cases, however, ministers and members of religious orders would continue to be excluded from coverage.

Sixth, Miscellaneous groups: About three-quarters million additional persons are brought under coverage by the bill. These are principally (a) American citizens employed outside the United States by American employers, (b) employees in Puerto Rico and the Virgin Islands who are covered in the same manner as if they were employed in the continental United States, and (c) full-time life-insurance or other salesmen and certain agents or commission drivers who are covered as employees under the broadened definition of "employee." With reference to this definition, concerning which much comment and the hurling of charges and counter-charges, the committee limited the expansion of coverage through modification of the usual common-law rules to the categories mentioned as they can be described clearly and can be easily understood by everyone concerned. The adoption of the so-called economic reality test, based on seven indefinite factors, as contained in the House-passed bill, would, in the opinion of the committee, create useless confusion and vest far too broad discretionary powers in the administrative agencies and threaten the independence of the small-business enterprises of America.

Moreover, the persons covered as employees under the definition of the House-passed bill and who are not covered as employees under the bill as revised, are covered, in general, as self-employed under the act taken by the committee. Thus, there would be no limitation on the extent of coverage, but only the manner of coverage would be affected.

**Table 3. Illustrative monthly old-age insurance benefits for retired workers**

<table>
<thead>
<tr>
<th>Years of coverage</th>
<th>Present law</th>
<th>House-approved bill</th>
<th>Committee-approved bill</th>
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<tr>
<td>25</td>
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<td>$270</td>
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<tr>
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<tr>
<td>40</td>
<td>$435</td>
<td>$445</td>
<td>$445</td>
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**Table 4. Illustrative monthly benefits for survivors of insured workers covered for 5 years**

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Present law</th>
<th>House-approved bill</th>
<th>Committee-approved bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widow and 1 child</td>
<td>$200</td>
<td>$210</td>
<td>$210</td>
</tr>
<tr>
<td>Widow and 2 children</td>
<td>$240</td>
<td>$240</td>
<td>$240</td>
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</tbody>
</table>

**Table 2. Summary of conversion table for computing future benefits for those on the roll (or retiring in the future)**

**Table 1. Illustrative monthly old-age insurance benefits for retired workers**

<table>
<thead>
<tr>
<th>Monthly wage while working</th>
<th>Present law</th>
<th>House-approved bill</th>
<th>Committee-approved bill</th>
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<tr>
<td>$300</td>
<td>$65</td>
<td>$65</td>
<td>$65</td>
</tr>
</tbody>
</table>

**Table 3. Illustrative monthly old-age insurance benefits for retired workers**

**Table 4. Illustrative monthly benefits for survivors of insured workers covered for 5 years**

**Table 2. Summary of conversion table for computing future benefits for those on the roll (or retiring in the future)**

[1] Present law and committee-approved bill includes wages only up to $250 per month as creditable and taxable.

(2) Under conditions assumed, individual might not be able to qualify at all, depending on actual incidence of his covered employment.

Note: These figures are based on the assumption that the insured worker is in covered employment for 1950 as indicated.

**Table 4. Illustrative monthly benefits for insured workers covered for 5 years**

**Table 2. Summary of conversion table for computing future benefits for those on the roll (or retiring in the future)**

[1] Present law and committee-approved bill includes wages only up to $250 per month as creditable and taxable.

(2) Under conditions assumed, individual might not be able to qualify at all, depending on actual incidence of his covered employment.

Note: These figures are based on the assumption that the insured worker is in covered employment steadily each year after 1950.
Mr. George. Mr. President, these tables show the increase in benefits and the amounts payable at various wage levels to retired workers and their dependents under the bill as reported by the committee, and also in the form the bill was passed by the House of Representa-
tives. These tables indicate not only that benefit payments would be much more adequate than under present law, but also that on the whole the bill as revised by the Committee on Finance affords beneficiaries more favorable treatment than they would receive under the bill as passed by the House.

Other benefit liberalizations are also contained in the bill. Benefits are pro-
vided for dependent husbands of women workers, and more liberal treatment is accorded children of women workers who have been in covered employment. Thus, women who are a part of the labor force will receive more ample protection for their dependents than is now the case. Moreover, the percentage of the primary benefit available to surviving children of all workers has been increased. Instead of one-half of the primary benefit being payable to each surviving child as under present law, child benefit payments are made on the basis of three- fourths of the primary amount for the first child and one-half for each additional child in the family.

Another liberalization over present law is the provision in the bill relating to the limitations in covered employment by beneficiaries which is now $14.99 per month. This limitation is increased to $50 per month for those between 65 and 75 years of age, which will enable beneficiaries to supplement their benefits by part-time employment to a greater extent than has been possible in the past. For insured persons over 75 years of age there is no limitation on the amount of earnings. This latter provision has particular significance for self-employment, and will enable persons engaged in occupations in which retirement is customarily deferred to an advanced age. It is hoped that these changes will encourage employers to utilize the services of aged workers to the fullest extent practicable, so that those willing and able to work may continue to be productive members of society.

Eligibility for Benefits

The bill, as revised, greatly liberalizes the eligibility requirements so that an older worker can qualify for benefits with the same number of quarters of coverage that were required of an older worker when the system began operation. Under present law a worker who attains the age of 65 years in July of this year must have 27 quarters of coverage to be eligible for benefits. A worker who was 65 years of age in 1940, when the first payments were made, is eligible if he had only 6 quarters of coverage. Eligibility requirements for older workers as difficult to meet as those of the present law cause an unwarranted postponement of the effectiveness of the insurance system in furnishing protec-
tion for the aged. Therefore, the bill would provide a new start in eligibility requirements under which a worker could qualify for benefits if he had coverage in one 12-month period. Beginning in 1946 successive increases in the number of quarters required will be less than 6 quarters. Quarters of coverage would include those earned in 1950 and prior years as well as those earned sub-
sequently. Thus, any person aged 62 or over at the effective date of the bill would be fully insured for benefits at age 65 if he had 6 quarters of coverage; those aged 61 would need 8 quarters; those aged 60, 10 quarters, and so forth. The maximum requirement for fully insured status would never exceed 40 quarters of coverage which is the case in present law.

I believe this new start provision is one of the most important in the bill. It is estimated that 700,000 additional bene-
ficiaries will be added to the rolls in 1951 through its enactment. Many of these are now out of the labor force but are un-
able to meet the stringent re-
quiments of present law, yet they and their employers have made contributions to the system in past years.

If all members have had inquiries from aged citizens calling attention to the apparent injustice of the present system under which social security taxes have been paid by the work-
er and his employer for 4, 5, or 6 years or more, but because the worker is a few quarters short of the required number he is ineligible for any benefits or a refund of taxes paid. If such person is unable to work and is in need, he must turn to public assistance. The new start pro-
vision is designed to correct such inequitable results and to immediately shift part of the public-assistance bur-
den to the insurance system.

Veterans

As a result of being removed from the civilian labor force, World War II servicemen were deprived of the oppor-
tunity for coverage under old-age and survivors insurance. The committee be-
lieves that servicemen who an-
swered the call of their country in time of war should have the same status under old-age and survivors insurance as they might have had if military service had not interfered with their employment. Accordingly, the bill would give service-
men wage credits of $100 for each month of military or naval service performed during the World War II period.

Financing

It is essential to sound social insurance that there be adequate financing, and that those who accrue benefit rights shall also assume contribution obligations. The committee is of the opinion that the system should be improved by adjusting contributions made by employers, em-
ployees, and the self-employed. Accord-
ingly, the bill would repeal the provision in present law authorizing appropriations to public assistance out of general revenues. The tax schedule in the bill would re-
tain the present rates of 1 1/2 percent on employers and 1 1/4 percent on employees through 1955. The rate for the self-employed is 1 1/4 times the employee rate, or 2 1/2 percent for this period. It is esti-
mated that these rates will produce suf-
ficient revenue to meet all benefit obliga-
tions for the next 5 years. Beginning in 1946 successive increases in the rates are provided with the tax sched-
ule for 1956 through 1969.

The tax schedule that could be adopted. The sched-
ule in the bill is not being offered as one that will under all circumstances prove to be satisfactory as the system matures. I do believe, however, that it is as sound a schedule as can be formulated at this time on the basis of past experience.

2. Public Assistance

As I have already indicated, the bill, as revised, is designed to have the con-
tributory insurance system become the primary program for affording protec-
tion against the economic hazards of old age and premature death so as to re-
duce the need for public-assistance ex-
penditures. Accordingly, the provisions in the public-assistance program are contained in the bill. However, as a number of these are of major impor-
tance, I shall discuss them briefly.

Aid to Dependent Children

Under present law the Federal Gov-
ernment does not share in that part of any monthly aid to dependent children payment which exceeds $27 for the first child and $18 for each additional child in a family. The bill would raise these matching maximums to $30 and $20, re-
spectively, with the result that the maxi-
 mum Federal funds available to the States would be increased from $16.50 to $18 per month for the first child and from $12 to $15 for each additional child. Thus the States would be enabled to provide somewhat higher payments for their dependent children.

Aid to the Blind

The States are now required to take into consideration income and re-
sources of claimants of aid to the blind. Under the bill, as revised, the States with federally approved aid-to-the-blind plans would be required to disregard earned income up to $50 per month of claimants of aid to the blind. Because of the necessity of allowing the States to modify their aid-to-the-blind laws, this requirement is not effective until July 1952, but in the meantime the States would be permitted to increase earnings up to $50 per month on a discre-
tionary basis. It is the opinion of the committee that such exemption of earnings will encourage blind individuals to become self-supporting and to be pro-
ductive members of society.

Old-age Assistance

The bill, as revised, would make a be-
ginning in reducing the Federal participa-
tion in supplementary old-age assistance payments made to beneficiaries of old-age benefit payments under the in-
surance program. Old-age assistance payments made to retired workers who have entitled to insurance benefits for
the first time after enactment of the bill, would be shared in by the Federal Government on a 50-50 basis instead of under the regular grant-in-aid formula applicable elsewhere. Under present law, the Federal share of old-age assistance payments for these supplementary assistance payments would be limited to a monthly maximum of $25 instead of $30 as in present law.

### MEDICAL CARE

Under the bill, as revised, the States would be authorized to make direct payments to doctors or others furnishing medical or remedial care to recipients of State-Federal public assistance. Under present law the Federal Government does not participate in the cost of medical care for recipients unless payment is made directly to the recipient. Under another change in the bill, the Federal Government would share in the costs incurred by the States in furnishing assistance to the needy aged and needy blind residing in public medical institutions—other than those for mental disease and tuberculosis—in stead of limiting Federal participation to costs incurred for recipients residing in private institutions as provided in present law. It is the belief of the committee that this latter provision will assist communities to develop additional facilities for chronically ill persons and thereby assist in meeting the increasing need for such facilities.

### III. CHILD HEALTH AND WELFARE SERVICES

Under present law Federal grants-in-aid to the States are authorized for three service programs designed to promote the health and welfare of children in rural areas and areas of special need. The committee believes that the authorization for appropriation for these programs—maternal- and child-health services, crippled-children services, and child-welfare services—should be increased so as to enable the States to meet the health and welfare needs of a greater number of children. Accordingly, the bill would increase the annual authorization from $11,000,000 to $20,000,000 for maternal- and child-health services, from $7,500,000 to $15,000,000 for services for crippled children, and from $3,500,000 to $13,000,000 for child-welfare services.

### IV. UNEMPLOYMENT INSURANCE

The provisions in present law allowing advances to the States in the unemployment trust fund, expired January 1, 1950. There has not been sufficient time for the committee to give consideration to the many changes that have been proposed in the unemployment-insurance program and to report H. R. 6000 for action at this session of Congress. Therefore, in order to assure the solvency of State unemployment insurance accounts, the bill would restrict the provisions in present law and permit advances by the Federal Government to the accounts of States until December 31, 1951.

### CONCLUSION

Mr. President, I have described very briefly the major provision of the bill. The committee report contains a detailed explanation of all provisions. Moreover, a Committee print is before the Senate which describes in detail the major changes. Under present law, H. R. 6000 as passed by the House, and the amendments reported and H. R. 6000 as reported by the Senate committee. Reference is made to the blue sheet on the desk of each Senator. I mention these two documents because I believe they will aid the Member to ascertain the contents of the bill and to satisfy himself as to the committee's objectives in revising the bill in the form in which it has been reported to the Senate.

As I indicated earlier, the bill does not provide social-security protection for all citizens of the Nation. Some groups, such as share croppers, migrant agricultural labor, and part-time domestic servants, who are not brought under insurance coverage, need protection. I regret that further extension of coverage must await more detailed study of the problems inherent in bringing additional persons within the system. It is my opinion, however, that the committee has reported a sound bill which can be supported by Members on both sides of the aisle. The adoption of this legislation does not mean the enactment of new principles or of untried innovations. The committee has merely proposed that we improve and strengthen and make available to additional millions the protection afforded by the contributory social-security insurance program inaugurated by the Congress in 1935.

By the adoption of H. R. 6000, we can assist the wage earners and the small-business men of the country to obtain protection against want in their old age. By continuing the social-insurance principles and relating benefits to contributions or earnings, we shall preserve the individual dignity and individual thrift and incentive; by granting benefits as a matter of legal right, we shall preserve the individual dignity of our citizens. The committee is not unaware of the significance of the flexibility which this revision of the social-security program will place upon the Government and upon employers and employees alike, but we have proceeded with faith in America to meet the problem.

Mr. President, at this time I ask unanimous consent to have certain technical amendments adopted. These amendments, which are all technical, have been approved by the legislative counsel, by the staff of the committee, and have been carefully considered. They do not change in any respect any substantive provision of the law.

The PRESIDING OFFICER. Mr. Lehman in the chair. May the Chair inquire whether the Senator from Georgia wishes the amendments to be acted on en bloc or separately?

Mr. Lucas. Mr. President, because they involve substantially technical changes, I make the request that they be acted on en bloc.

Mr. SchoeppeL. Mr. President, may I ask the distinguished Senator from Georgia a question?

Mr. GEORGE. I yield.

Mr. Schoeppel. All members of the committee have agreed to them, have they not?

Mr. GEORGE. The committee members authorized the making of these technical changes, and they have been made in accordance with the authorization.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Georgia.

The amendments were agreed to, as follows:

On page 240, line 28, strike out "paragraph" and insert in lieu thereof "Sentence.".
On page 242, line 4, strike out "It.".
On page 243, line 11, after the word "own" insert "by the United States."
On page 253, line 5, after the word "waterways," insert a comma.
On page 287, line 17, after "thereof)," insert a comma.
On page 288, line 5, strike out "means" and insert in lieu thereof "mean.".
On page 268, line 10, insert "twenty-one" and insert in lieu thereof "twenty-two."
On page 268, line 13, after the word "or," insert a comma and "or later."
On page 292, line 18, strike out "Payment and insert in lieu thereof "Payments."
On page 315, strike out line 4 and insert in lieu thereof "1426 (a) (1), and he shall not be required to obtain a."
On page 316, line 13, after the word "shall", insert "not."
On page 322, line 13, strike out "terms" and insert in lieu thereof "term."
On page 322, line 21, strike out "paragraph" and insert in lieu thereof "subparagraph."
On page 328, line 17, strike out "Services" and insert in lieu thereof "Services."
On page 331, line 3, after "twisting", insert a comma.
On page 332, line 6, after the period, insert quotation marks.
On page 335, line 9, at the beginning of the line, insert quotation marks.
On page 341, line 8, strike out the word "purs" and insert in lieu thereof "purposes of this subsection."
On page 346, line 3, after "twenty-one," strike out the word "the", where it first appears.
On page 346, line 9, after "thereof)," insert a comma.
On page 362, line 11, strike out the quotation marks.
On page 372, line 6, strike out "(b)" and insert in lieu thereof "(B)."
On page 374, line 15, after "promptness", insert a semicolon.
On page 381, line 3, after the period, insert quotation marks.
On page 381, line 19, strike out the word "and", where it first appears and insert in lieu thereof "any."
On page 382, line 10, strike out "1933" and insert in lieu thereof "1951."
On page 388, line 16, after the dash, insert quotation marks.
On page 389, strike out lines 9 and 10 and insert in lieu thereof "(b) The amendment made by subsection (a) shall take effect October 1, 1950, except that the exclusion of money payments to needy beneficiaries in the future shall be limited to mutual concerns or other organizations of individuals who each individual who is not a patient in a public institution, be effective July 1, 1952."
On page 388, line 19, after "404;", insert "702; 703;.
On page 386, line 2, after "404;", insert "702; 703;.
On page 386, line 3, strike out "(other than subparagraph (1) thereof)."
On page 386, after line 9 and before line 10, insert—

(7) The heading of title VII of the Social Security Act is amended to read "Administration of Title VII".

On page 391, between lines 14 and 15, insert the following:

(b) (1) Clause (2) of the second sentence of section 904 (b) of the Social Security Act is amended to read: "(2) the excess of the taxes collected in each fiscal year beginning after June 30, 1946, and ending prior to July 1, 1951 under the Federal Unemployment Tax Act, over the unemployment administrative expenditures made in such year, and the taxes collected during the period beginning on July 1, 1951, and ending on December 31, 1951, under the unemployment administrative expenditures made during such period."

(2) The third sentence of section 904 (b) of the Social Security Act is amended by striking out "April 1, 1952" and inserting in lieu thereof "April 1, 1950."

On page 391, line 15, strike out "(b)" and insert in lieu thereof "(c)."

On page 391, line 16, strike out "subsection (a)" and insert in lieu thereof "subsections (a) and (b)."

Mr. GEORGE. Mr. President, I now offer as committee amendments, amendments which have not been submitted to the Senate as a whole, but I am pleased to explain them. They are amendments which have the approval of the Secretary of the Treasury and of the Federal Security Agency. The amendments, provide simply that with respect to the payments by the domestic servants who are brought under the bill acceptance of payment would be authorized upon the basis of the nearest dollar, so that in case the housewife was indebted to the domestic servant $9.50 or more, $10 would be returned. If the housewife were indebted to the domestic servant for $9.20 or $9.30, or less than $9.50, $9 would be returned. In other words, the purpose of the amendments is to round the return to the nearest whole dollar. That is the entire effect of the amendments. If there is no objection, I should like to have those amendments adopted, so they may appear in the Record.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Georgia? The Chair hears none, and, without objection, the amendments are agreed to en bloc.

The amendments are as follows:

Amendment to section 104 (a) of H. R. 6000, as reported by the Committee on Finance: Insert a new unlettered paragraph on page 293 between lines 21 and 22, reading as follows:

"For purposes of this title, in the case of service not in the course of the employer's trade or business within the meaning of section 210 (a) (3), if such service is performed by an employee who is regularly employed during the calendar quarter within the meaning of such section, any payment of cash remuneration which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by the Commissioner of Internal Revenue, be considered to be $10 for purposes of any required record keeping, and for purposes of determining whether $60 or more has been paid to the employee for services performed in any calendar quarter."

Mr. GEORGE. Mr. President, as I have stated, the first amendments I offered, are purely technical in nature. The second amendments I offered have the single effect of rounding the return for the domestic servant to the nearest whole dollar.

Mr. President, that is all I wish to say at this time. I earnestly hope we may make such progress with the bill as is consistent with proper consideration of legislation of this magnitude.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. SCHOEPPFEL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SCHOEPPFEL. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDING OFFICER (Mr. Hoxey in the chair). Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, in acting on the bill which is now before the Senate we necessarily must reach at least rough definitions as to what, if anything, shall be the role of the Federal Government in meeting our social-security problems. We cannot do this on the assumption that we can make an original exploration of our duty.

We have a system of so-called social security which originated in the Social Security Act of 1935, and which has been continued and expanded by the 1939 Revision Act, by miscellaneous legislation enacted during 1940 and 1945, and by amendments of 1936 and 1947 and 1948. The field covers benefits from contributions, public assistance from general revenues, aid to the blind, to dependent children, and to the permanently and totally disabled, and maternal and child health and welfare services, all included within their scope aid to crippled children.

The magnitude of commitments already made is illustrated by some of the facts relating to our old-age and survivors insurance system. During 1949, 35,000,000 persons were covered during an average week. There are 80,400,000 living persons with wage credits, 40,000,000 fully insured persons, and 5,700,000 persons who are currently but are not fully insured. As of December 31, 1949, 2,743,000 persons were receiving benefits from this part of the system, including widowed-mother and child beneficiaries. Seventeen percent of the total aged population of 65 and over were on old-age, survivor, or disabled benefits in December 1949, and 65 percent of the aged and disabled were receiving such benefits. The benefits under the old-age and survivors system rose from $35,000,000 in 1940 to $697,000,000 in 1949. The average benefits were $54.70 a month for a single retired worker; $41.40 for the retired worker and aged wife; $50.60 for the widowed mother and two children; and $20.80 for the aged widow.
By the end of 1949 the so-called trust fund had accumulated a total of $11,516,600,000.

On the public-assistance side, Mr. President, which it will be remembered is a sharing program with the States and the Federal share of which is paid out of general revenues, there were 2,178,000 beneficiaries receiving old-age assistance, 1,521,000 dependent children receiving aid, and 93,000 blind who were being assisted. These payments during the calendar year 1949 totaled $1,893,000,000.

Attention to these facts alone makes it apparent that it would be grossly irresponsible and brutal to end the present system without immediately ushering in an alternative.

If it was a mistake to enter into the system in 1935, it would be a greater mistake now to abandon it without an instantly ready and acceptable alternative.

Those who believe that the Federal Government has no proper role in these matters and that it was a mistake to enter the field have a special reason to reflect on the way in which these kinds of innovation in our Federal Government providing benefits for the people immediately sets up a new cycle of vested interests which cannot be lightly stricken down. People shape the law, and they have a right to do so on the promises of the Government. And so it happens that to end many things in the Government which many feel are wrong—this would set in motion evil offsets or perhaps increasing the size of those to be ended. The moral for caution in what we do here is obvious, and it is not my intention to engage in abstract preachments as to sound procedures in the conduct of the Government.

The statistics which I have given concern the bread and butter and shelter and health and education needs of millions, not bilately unshackle ourselves and trip away from the duties which have been assumed and which are suggested by the facts which have been pointed out.

But if we were approaching the matter originally, if we were not required to deal with a system in being, which involves so many exquisitely important claims of millions of our citizens, we would have to give heavy thought to facts which I respectfully suggest would move us into some kind of program to cover a part of the security problems of our people.

History shows that as a nation becomes predominant industrially, less and less security for more and more people is to be found in the cellar. The close ties of most people in less complicated agrarian economies with the protection and sustaining power of the land are severed and security must be found in the pay envelope, in the ability of the worker to buy his security from that which is in his pay envelope, and which by the nature of his employment in industrial areas cannot be found in the cellar.

Perfectionist theories for preserving individual security are shattered as to millions of people away from the land, due to the preventable and unpredictable disasters to payrolls caused by cyclical swings and numerous types of maladjustment in the economy, and often due to plain human frailty or catastrophic personal tragedies—all beyond the current scope of any program and any innovation by our Spartanists. The wide-scale junking of workers in mass-production industries even before middle age has been reached may prove too much even for the most rugged of the rugged individualists.

We might well wish—I certainly do—that these blank spots in individual security would be filled without Federal interference. The social security system with other forms of self-contained security, or with family help, and that, these failing, public obligations might be met at the community and State level. But that, a squaring of coverage, a adequacy of benefits, excessive taxation to sustain the current load of benefits, faults and inconsistencies in conception and administration, such as those surrounding the so-called trust fund.

On July 23, 1947, during the Eightieth Congress, the United States Senate adopted a resolution, sponsored jointly by the distinguished senior Senator from Virginia and the junior Senator from Colorado who was then the chairman of the Senate Finance Committee, directing the Senate Finance Committee "to make a full and complete investigation of old-age and survivors insurance and all other aspects of the existing social-security system, particularly in respect to coverage, benefits, and taxes relative thereof."

During the process of 1947, following the adoption of this resolution, a special Advisory Council was organized to give the Committee on Finance the benefit of its recommendations. Great care was taken to secure widespread geographical representation, to secure as members men and women of high standing, broad experience, and especially qualified to protect the interests of the worker, employer, and the public. The members of the Council were:


I now say to the distinguished Senator from Washington [Mr. CAIN] that I am glad he is here, and I hope he will give close attention to what I am about to say, as I know he will.

J. Douglas Brown, dean of the faculty, Pratts Institute, Brooklyn, N. Y.; faculty, Princeton, N. J.; director, industrial relations section, department of economics and social institutions, Princeton University, since 1926; consultant to the Social Security Board since 1935; chairman of Advisory Council on Social Security, 1937-38.

As I read through this list of names, I urge Senators to note the special qualifications for the job at hand.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. DONNELL. The Senator mentioned Mr. Frank Bane. Is it not also true that he occupies the position of leading administrative director, organization, and executive of the National Conference of Governors?

Mr. MILLIKIN. He is executive director of the National Conference of Governors, and had, before he became executive director, personal experience in administering welfare measures in Virginia and Tennessee.

I now come to Malcolm H. Bryan, vice chairman of board, Trust Co. of Georgia, 36 Edgewood Avenue, Atlanta, Ga.; first vice president, Federal Reserve Bank of Atlanta, 1938-41; economist, Board of Governors of the Federal Reserve System, 1936-38; professor of economics, University of Georgia, 1926-36; member, American technical staff, Bretton Woods Monetary and Financial Conference, 1944.

Nelsor H. Cruikshank, director of social insurance activities, American Federation of Labor, Washington, D. C.

Mary H. Donlon, chairman, New York State Workmen's Compensation Board, New York, N. Y.; past chairman, New York State Industrial Board.

Adrian J. Falk, president, Food & W. Fine Foods, Inc., San Francisco, Calif.; member, advisory council, California State Employment Stabilization Commission; vice president, California State Chamber of Commerce; president, San Francisco Board of Education.


John Miller, assistant director, National Planning Association, Washington,
The chairman of the Council was the late Hon. Edward R. Stettinius, Jr., and the cochairman was Dr. Sumner H. Slichter.

Four of the members, Messrs. Stettinius, Brown, Polton, and Linton served on an earlier: Advisory Council on Social Security likewise set up by the Senate Finance Committee.

A preparatory committee of the Council met in October 1947, and again in November, to make the necessary preparations for the organization of a technical staff and for the first full meeting of the Council. The first Council meeting took place on December 4 and 5, 1947.

The Council, its members assembling from all parts of the country, met for two full days each month from December of 1947 through May of 1948, and its steering committee, designated by the Council, met for one full day between each of the Council meetings.

Average attendance at Council meetings—and remember the geographical distribution of the membership—was about 15 of the 17 members. Between meetings members analyzed and studied background and research material prepared by the Council's professional research staff under the direction of the steering committee.

The full report of the Council was presented to the Senate Finance Committee on December 31, 1948. It was widely distributed and studied, and it focused attention on the issues, and points they considered, and to make recommendations on most of the important questions they considered, and to make nearly unanimous recommendations on the remainder. The report has been of great assistance to the Senate Finance Committee and to the Congress. It was widely distributed and studied, and it promoted full presentation of all viewpoints at the committee hearings on H. R. 6000.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. WHERRY. The Senator made the observation that this committee made its recommendation in December of 1948. Are we acting upon these recommendations now, or is this committee still functioning?

Mr. MILLIKIN. The Advisory Council went out of existence at the end of 1948, when it had completed its report. That report came before the Senate Committee on Finance and was used in connection with the hearings on H. R. 6000.

I have here the answers to about 100 of the questions which the Advisory Council considered. They give an idea of the analysis which was made of the problem, and which formed the agenda for the Council's work. I am anxious to have these questions printed at this point in the Record.

There being no objection, the questions were ordered to be printed in the Record, as follows:

What is the proper role of social insurances and public assistance programs in a social security system?

Should a means-test system be substituted for the present insurance system?
How should such benefits be financed? By an eventual contribution from general taxation. By payroll contributions made by younger workers and their employers? What should the level of benefits be? How should the individual benefits be determined? Up to what level of wages should contributions be assessed? Should the program pay the full rate of benefits now or should the amount of benefits automatically increase over the years? Should regular contributions required of either beneficiaries or entitled contributors? How should the benefit provisions be modified to overcome the handicap under which newly covered workers would otherwise find themselves? Are the types of monthly benefits now provided the correct ones and should any new beneficiaries be added? Are the age conditions and other eligibility conditions correct? Are the present minimum and maximum provisions satisfactory or should they be changed? Should benefits be paid to workers over 65 who have not retired? What is a reasonable test of retirement? Is the pension payable at any time? What is the cost of the various possible recommendations, now and in the future? What should the contribution rate be? Should the contribution schedule be? Should the system be financed on a full reserve basis? What is the meaning of the reserve? Should the risk of permanent and total disability be added to the Federal system of old-age and survivors insurance or should loss of income from this cause be handled entirely under public assistance? If the latter, should a special State-Federal assistance set up? If the former, how can the protection be provided without undue risk to the solvency of the fund? What eligibility requirements should be established to prevent persons from qualifying who have not really suffered a wage loss? What should be the definition of permanently and totally disabled? Should the definition cover all such disability or only those which result in economic incapacity? Should the economic incapacity be for the person's usual occupation or for all gainful activity? Should the definition cover only medically demonstrable disability? Should the definition include a prognosis of long-continued and indefinite duration or should it cover all total disabilities that have lasted for some fixed period of time, such as 6 months? What level of benefits may be safely paid without interfering with incentives to return to work when able? What provisions should be set up for the rehabilitation of beneficiaries? How should this rehabilitation be financed? How should such a new program be administered? As a separate system or as part of old-age and survivors insurance? How much would such a program cost? How should such a program be integrated with, workmen's compensation insurance and Federal disability insurance systems? Should categories such as old-age assistance, aid to dependent children, and aid to the blind be retained in the State-Federal assistance program? Should all income continue to be counted in determining need or should exemptions be allowed? Up to what level of State payments should the Federal Government be willing to match? What should be the method of Federal financial participation? Should the rate of Federal participation vary with the per capita income of the State or be fixed benefits paid? Should the Federal Government participate in the program for children to the same extent it does for the aged and the blind? Should the Federal Government participate in general assistance? Should the Federal Government participate in medical care payments made on behalf of assistance recipients? Should the Federal Government participate in assistance to aged persons residing in medical institutions? Are the Federal standards which the States must now meet to get Federal financial help the correct ones? What should residence requirements be, if any? What is the cost of the present system and of various proposals? Can, and will, the costs be reduced by the social security program? What has been the relation of social insurance and public assistance in the past, and what should it be in the future? How far should coverage in unemployment insurance be extended? Is it practical to include farm laborers, household workers, or all self-employed individuals under unemployment insurance? How should individuals who move from State to State, or from rural to road employment, be handled under unemployment insurance? Should be done about veterans' benefits and those of men who will be drafted? Should the Federal Government establish a separate unemployment system for its own employees or utilize the various State plans? What provisions under unemployment insurance should be made for workers who exhaust insurance rights in time of severe depressions? Should temporary disability payments be incorporated with all unemployment-insurance laws? What would be the advantages of workers' contributions to unemployment insurance? What are the advantages and limitations of the present methods of experience rating? What, if any, Federal standards are needed for eligibility, benefits, or disqualification rules? How high should benefits be in relation to wage loss and need? How might benefits be related to increasing cost of living? Should the size of benefits vary with the family status, as is done in old-age and survivors insurance? How far should the Federal Government go in continuing to supervise administrative expenditures? Should all funds collected for unemployment insurance be set aside for such purposes only? What provisions should be established for reinsurance or Federal loans to States, in case the State reserves are exhausted? What sort of a tax program could be developed, to minimize rather than accentuate cyclical unemployment? Mr. MILLIKIN. Mr. President, I have gone into this detail regarding the Advisory Council because there has been some criticism to the effect that it consisted of eminent men who because of antecedent demands upon their time were able to give only a day or so every other month to the questions of social-security revision; that the real shaping of policy and the making of fundamental decisions should not be left to subordinate staffs; that those undertaking such a job should be independent, competent people of standing, who are prepared to give their full time to the work and who shall receive the cooperation due to persons of their experience and prestige.

I have read the names and some of the history of the members of the Advisory Council in the belief that by so doing there would be a complete refutation that those men and women would serve as stuffed-shirt stooges for a technical staff. There must always be a technical staff in such a highly technical subject. And in my opinion, the technical staff to that Council was expert, and a better group than the Council which I have described could not have been assembled to pass on the technical labor of the staff and to evolve policies from them.

Would, for example, Mary Donlon, chairman of the New York State Workmen's Compensation Board, and past chairman of the New York State Industrial Board, be fooled by technicians operating within the field of her experience? Would Emil Reive, president of the Textile Workers Union, vice president of the Congress of Industrial Organizations, expert on social-security questions, be fooled by the work of the staff? Would Nelson H. Cruikshank, director of Social Insurance of the American Federation of Labor, an outstanding authority in this field, be fooled? Would Albert Linton, president of the Providence Life Insurance Co., past president of the Actuarial Society of America, fellow of American Institutes of Actuaries, and of the Institute of Actuaries of London, be fooled in that way? Would Marion B. Folsom, treasurer, Eastman Kodak Co., staff director of the House of Representatives Special Committee on Postwar Economic Policy and Planning, vice chairman of the Committee on Economic Development, and member of the New York State Advisory Council on Unemployment Insurance, be taken in by staff experts? Would Dr. Sumner, who spends his lifetime in the analysis of basic data, be fooled in that way? And so on down through the list.

No, these people would not be fooled by a technical staff. We were fortunate to have their services. There was not the slightest evidence that the technical staff was trying to put over anything.

Among the staff members was Mr. Fauri, the technical adviser to the Senate Finance Committee in its consideration of the pending bill. He has the complete confidence of all of the members of the Senate Finance Committee.

Several members of the staff were on loan from the Social Security Administration. They did a fine job, and earned the confidence of all the members of the Council.

I am not a champion of the Social Security Act, and the greater part of the summer in 1947 with the assistance and cooperation of the Senator from Georgia [Mr. Goode] in organizing the Council. I started out on the theory that its staff could be built up of persons without roots into the Social
Security Agency. I thought that such a staff could be recruited from insurance companies, for example, but quickly learned that the insurance experts work in their specialties and that in the last analysis I have to have to get their fundamental data from the Social Security Agency for the simple reason that that is the only place where it may be found.

I should add that the clerk of the Senate Finance Committee, the late Sherwood B. Stanley, himself especially qualified in social-security matters, by having handled them in private business, was in constant liaison with the operations of the staff and of the Council.

His services were highly praised. He was a loyal, indefatigable, most able clerk of the Senate Finance Committee, and as such kept me well informed as to what was going on.

The pending bill, in my judgment, rectifies a considerable number of the faults of the present system and leaves others uncorrected. Because H. R. 6000 is an improvement over what we now have, I give it my support. But personally, I feel that the present system, improved as it is by H. R. 6000, cannot be considered sound unless one in that bracket. We have not abolished the problems of old-age assistance. As I see it, there will have to be wider coverage leading perhaps to universal coverage.

It will have to come, as I see it, to a truly pay-as-we-go system. There are many forces operating in these directions.

We will have to get rid of the misleading anomaly which we call the insurance reserve trust fund. We now have 11 3 million people age 65 and over. In 20 years from now it is estimated that we shall have from 16 to 18 million people in that bracket. Twenty years ago, 41 percent of our population was age 65 and over; today it is about 7.5 percent and 20 years from now it will be 9 to 11 percent. Life expectancy for those aged 65 is constantly lengthening. Only about 25 percent of persons aged 65 and over are working at the present time. It is easy to see that the problem of security for the aged will rapidly intensify rather than diminish.

The excess of collections over disbursements and administrative expenses in the old-age and survivors insurance system is spent for the general expenditure programs of the Federal Government, not to build up the strength of the so-called insurance system. The trust fund receives bonds covering these expenditures, which means that the taxpayer will ultimately have to pay the bill. As we widen coverage, the insured and the taxpayer come closer together in identity, and thus many of the so-called employer contributors will have to pay twice for that which they thought had already been paid for.

This easy and deceptive method of raising money for general expenditures tends to be a tax. It pursues a pay-as-you-go system. Widened coverage only intensifies the discriminations against the dispossessed who are not covered, and this fact will exert its pressures for universal coverage.

Mr. CAIN. Mr. President, will the Senator permit me to ask one question at this point?

Mr. MILLIKIN. Certainly.

Mr. CAIN. In his admirable address on the subject of social security it seems to me that the distinguished Senator from Colorado is recommending that Congress extend and liberalize a system at this time which at some future time must be replaced with an entirely different system of social security. I ask whether or not my understanding of what the Senate is presently proposing is approximately correct, or in what particular it is incorrect.

Mr. MILLIKIN. It is my personal opinion that this is not a stable subject. It is my personal opinion that after we have made the improvements to the present system, there will still be many things remaining to be done to meet the problems involved. In my opinion we are taking a step toward a universal system. In my opinion we will constantly be coming closer to a universal coverage system. That involves methods of raising money, it involves methods of provisions necessary, and it is a very difficult problem. We could not resolve it at this session. The committee recommends that there be created a study committee, to consider the problems which have not been resolved in the pending bill.

Mr. CAIN. Mr. President, if the Senator will yield for another question, a social-security system which involves pay-as-you-go and universal coverage would be a system entirely different, would it not, from the social-security system presently the Senate is recommending that we extend and liberalize?

Mr. MILLIKIN. I say we should extend it and liberalize it because it would be an outrage, to those who have benefited under the present system, to deprive them of greater benefits, considering the significant loss in the purchasing value of the dollar. I say we must continue the present system because no other system could be made available without a very punishing lag of time to those who have a right to depend on the present system. I am stating it as my personal opinion that we shall have wide departures from the present system before we finish.

Mr. CAIN. The Senator from Colorado is hopeful, is he not, that some day in America we shall probably have a social-security system extending a pay-as-you-go business base and universal coverage, probably with age as the only requirement.

Mr. MILLIKIN. I think it is inevitable. That is my personal opinion. I should say that under the enlarged scale of benefits provided in H. R. 6000 we will approach rather rapidly a pay-as-you-go program, so far as that particular part of the system is concerned, and the effect of that will be to hold steady, if it does not diminish, the phony reserve into which we have been putting credits which are in fact debits.

Mr. CAIN. The Senator from Washington is very grateful for the observations just offered by the Senator.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Ohio.

Mr. BRICKER. The Senator from Colorado practically answered a part of the question I had in mind, when he said it would be impossible to make the complete transition during this session of the Congress. Does the Senator likewise feel that if such a transition were possible the shock would be so great on the present system that there would be a handicap and a hardship in the interim as we approach what many of us do desire?

Mr. MILLIKIN. I do feel that way. That was why I emphasized at the beginning of my remarks how many people there now are who have a vested interest in the present system, and that it would be a brutal and unconscionable thing to try to change it in a way that did not like the system, to say that it must stop and come to an end. I cannot think of anything which would be more devastating to the well-being of millions of our people. We could not do it. We must move into something else, if we do, there must be an adjustment between the present system and what we move into, so that none of the beneficiaries who are entitled to benefits under the present system will be injured, and with the hope that we will have, as a result of such a change, a more equitable system applying.

Mr. BRICKER. To do otherwise would be to deny the benefits of social security to those who already have been attached to the system, would it not?

Mr. MILLIKIN. Yes; and who have made contributions toward it.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Missouri.

Mr. TYDINGS. I do not wish to interrupt the able Senator from Colorado, but I have a conference report on the table, about which there will be some discussion. I am not going to try to bring it up while the Senator is speaking, but inasmuch as several Senators have asked me to notify them when it will come up, may I inquire when, in the opinion of the Senator from Colorado, he feels he will conclude his able address?

Mr. MILLIKIN. I will finish my remarks, I am quite sure, within 10 or 15 minutes.

Mr. TYDINGS. I thank the Senator.

Mr. McFARLAND. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield to the Senator from Arizona.

Mr. McFARLAND. I would like to have the Senator's opinion on two matters. If a pay-as-you-go system were installed, with universal coverage, would it entail more bookkeeping on the part of the employers, or would it mean a saving to the employers? And would it mean less overhead expense to the Government, or would it cost more? What is the Senator's opinion?
Mr. MILLIKIN. I believe, under the facts which have been presented to the committee, that under any kind of a system of that kind which can be imagined, the administrative costs would be less, both to the Government and to the employers.

Mr. McFARLAND. If the Senator will further yield, that would mean a great deal to the employer, especially to one who employs many workers.

Mr. MILLIKIN. Yes.

Mr. McFARLAND. The present system is quite cumbersome in the matter of keeping books. An improvement of course would mean quite a saving to the Government in the way of overhead expense, I should think. I agree with the Senator about that. Has the Senator any estimate of what the saving would be?

Mr. MILLIKIN. No; I have not been able to obtain a dependable estimate.

Mr. McFARLAND. I think it would be interesting to know.

Mr. MILLIKIN. I think that if we cast the improvement to the system in a simple mold, when we contrast most any imaginable improvement of the kind we have been speaking about it will involve less bookkeeping, infinitely less bookkeeping, both by the Government and by the private employer.

Mr. McFARLAND. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield.

Mr. McFARLAND. Does the record show what percentage of the money collected is used for administrative expense?

Mr. MILLIKIN. About 3½ percent is used for administrative expense.

Mr. McFARLAND. Does that include the money expended by the States, or merely money expended by the Federal Government?

Mr. MILLIKIN. That is the cost of conducting the Federal Security Agency.

Mr. McFARLAND. I thank the Senator.

Mr. MILLIKIN. I now wish to deal with some of the problems which are ahead of us. We have not yet related the Federal private pension plans. More than 7,000,000 workers are covered by such plans. I venture to say that most of the private pension plans will crash under real adversity. There are some 13,000 private pension plans. Most of the business of the country is, as Senators know, done by so-called small establishments. These small businesses do not have large reserves. They do not operate under the same kind of management as larger businesses. Some idea of the scope of this movement in the labor force may be realized when it is recalled that 31 percent of the workers in covered employment worked for more than one employer in 1948; that in the automobile industry 40 percent of the workers worked for more than one employer, and in the steel industry in 1947, 38 percent of the workers were employed by more than one employer.

The pension benefits in big industry about which we have been reading lately do not follow the worker if he changes employers. And the small plans do not have it as kind of provision either. Obviously worth-while pension plans under present patterns have a tendency to immobilize the workers, and this may well be considered as unwelcome.

The superior benefits of the pension plans of big and profitable industries will tend to give them the pick of the workers of the Nation. This will be re-enforced by the small payrolls of the smaller payrolls of the smaller employers, makers who cannot meet the competition. The resulting pressures for wider and higher coverage are obvious.

Discussing now another feature of the present insurance aspect of the system, we are saying to a young man entering the labor force, let us say at the age of 20, "When you get to be 65 years of age, 45 years from now, we are going to give you something." Whether we can give him that much money, but what is the relation of the money that he gets then to the money he puts in as he goes along in terms of purchasing power? We are not really improving the security system because the value of the dollar since its inception has been cut in half. Unless we stop the process which has cut the 100-cent dollar to 50 cents it will go to nothing by the year 2025. How can we sit here as realists and say to a young man, "Forty-five years from now we are going to give you security by giving you so many dollars"? It is utter mockery to give security by promises.

That is another pressure leading to a pay-as-you-go system. If we are to be realistic the current working force or the current economy must carry the current load. This is the only honest way it can be done.

Mr. President, I wish to digress long enough to say that for the reasons just stated, led by the idea of pensions, in annuities, and in the social security system, should give an equal amount of attention to preserving the solvency of the Federal Government, which means keeping the national budget in balance. We can put the utmost concentration on the benefits, yet we will gut their values just as surely as we are here today if we do not bring to the Government a responsible management of its fiscal affairs.

I commence to see a growing realization of that fact by people who live on rentals, by people who live on insurance, by people who live on interest, by people who live on pensions, annuities, and public assistance. So it is high time that coupled with an interest in these benefits, there should be an equal interest in the financial and social security of the Government, for otherwise the persons in those categories are wasting time, they are deluding themselves. Security cannot ride with insolvency.

Despite the legislation, with its many corrections of inadequacies of the present system, with its fairer treatment of a larger number of workers, with its wider coverage, with its other good points which have been outlined by the distinguished chairman of the Senate Finance Committee—despite all those things I cannot consider this as a static subject. I think we are facing other revisions long before another 10-year period passes.

A large number of problems, which have been pointed out by the distinguished chairman of the committee, require further study. We must face with the question of coverage for agricultural employers and agricultural workers more thoroughly than we have so far. I believe, and I think the other members of the committee believe, that there should be a most careful poll as to the real sentiment of the farm employer and worker in this field. We should give more study of methods for maintaining employment opportunity for the aged who are willing and able to work.

Mr. CAIN. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. I yield.

Mr. CAIN. It seems rather obvious that if we replace the system we now have with a system providing for universal coverage, then any future finance committee of the Senate or similar committee of the House will be concerned with what various groups of Americans think, because all will be covered in terms of each other.

Mr. MILLIKIN. If, of course, we reach this point where everyone is covered then we have universal coverage and a part of the present problem will have disappeared. Now, under the pending bill we are covering only a small proportion of the farm workers. The administrative difficulties of trying to keep track of migrant workers, of getting and keeping them covered, the administrative difficulties of keeping under a proper system of records the farm employer who also works as an employee for others seem at times to be almost insurmountable. Yet I am hopeful that further study will result in clarifications which will lead us to the conclusion either to include all of those not included or that it is impracticable to do so.

Mr. CAIN. I would gather that the Senator from Colorado shares a very deep hope with, for example, the junior Senator from Washington that eventually we shall have a system which will cover all our aged, so that we shall not be confronted with preferential treatment to one group as contrasted to another group.

Mr. MILLIKIN. It is my opinion that preferential treatment, if I have described it, will eventually bring us to universal coverage. I do not think it can be avoided.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. MALONE. I should like to ask the distinguished Senator from Colorado whether under the law as it now exists, which gives more or less of an over-all definition to the term "employee," it is his opinion that even the lessees of a mining claim, leasing the claim from the owners, or in fact leasing under any system, might be considered employees under the provisions of this bill, with the
result that a dislocation would be caused in the case of the usual leasing system of mining in the mining sections of the country.

Mr. MILLIKIN. I may say to the distinguished Senator from Nevada that we had probably as good a hearing coverage on that point as on any point which came before the committee. I am thoroughly cognizant that the type of mining issue the Senator speaks of is not covered by the pending bill. He would have been covered by the bill which came to us from the House of Representatives.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I am glad to yield. FURTHER STUDY OF THE SYSTEM

Mr. MALONE. In view of the additional coverage provided by this bill, there are many of its provisions which are not thoroughly understood. Would the distinguished Senator from Colorado believe that a further study until, let us say, the first of the year would uncover the remainder of such weaknesses in the bill? Would such a study afford a better chance to overcome the weaknesses, and perhaps would be desirable for the additional reason that we are not at all sure that the economic system is ready to stand such an expansion of coverage at this time?

Mr. MILLIKIN. I shall give the Senator a double-barreled answer to his question.

No. 1: Regardless of whether the junior Senator from Colorado thought such a result could be obtained, there would not be for such a proposal a sufficient number of votes in either the Senate or the House. The Congress is determined to have a social-security bill, in my opinion, during the present session.

No. 2: When we consider the magnitude of what remains before us under this bill, which of course we could do the job by the end of this year. I am not so sure that we could do it by the end of next year. Personally, I would not study, I am not so sure that we could do it by the end of next year. Personally, I would not study, I am not so sure that we could do it by the end of next year. Personally, I would not study, I am not so sure that we could do it by the end of next year.

Mr. MILLIKIN. There are a slightly smaller number on the insurance side, and there are a more on the public-assistance side.

Mr. CAIN. I wish to call attention to the fact that approximately 9,000,000 aged persons are not covered by social security, although several millions of them are covered by assistance programs of the States. I wonder whether the Senator from Colorado will give us his opinion as to how we are going to provide some assistance to the several millions who are not now covered by any system, Federal or State, even though they are over the age of 65.

Mr. MILLIKIN. So far as the Federal Government is concerned, a measure of help is received through the insurance part of the system, if the aged person is covered. The theory, then, is that if he is not covered and if he shows need—a test for which I have no appetite—he then can come under the public-assistance part. The opinion has been voiced by wiser men than I that what we are doing in this improved bill will reduce the public-assistance program. Personally, I am somewhat skeptical about that. There are so many persons who are not covered by the insurance feature, but who must have help of some kind, that I cannot see a radical, rapid decrease in the amount of our public-assistance appropriations.

Mr. MALONE and Mr. TAFT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. MILLIKIN. I yield first to the Senator from Nevada, to whom I promised to yield.

Mr. TAFT. The Governor is taking over industrial pensions.

Mr. MALONE. Mr. President, I should like to ask the distinguished Senator from Colorado, if we should pass this bill and the system of pensions should go into effect, what would happen to the pensions which have been granted by the steel companies and other companies. Is their arrangement with the employees such that their payments to the employees will be decreased by the amount of Government pensions, or will they be in any way affected?

Mr. MILLIKIN. I am glad to yield. Mr. MILLIKIN. Yes; I think the bill for other purposes besides the purposes of this bill, as I see, is to provide for the people who are still working and who will continue to work for a year, 2 years, or Mr. MILLIKIN. I think it might be pointed out in respect to the inadequacy of this bill that there is not one of those 6,500,000 people who is going to get a cent under this bill, as I see it, of them who are still working and who will continue to work for a year, 2 years, or more people over 65 years of age who are not drawing anything. Mr. MILLIKIN. That is correct.

Mr. TAFT. Substracting the 4,000,000, that would leave approximately 6,500,000 or more people over 65 years of age who are not drawing anything.
Mr. MILLIKIN. Under the present insurance system, 17 percent of the aged beneficiaries 65 years of age or older are under the insurance system.

Mr. TAFT. That is the only point I wanted to make.

Mr. MILLIKIN. That percentage will be somewhat enlarged under the pending bill.

Mr. TAFT. This is by no means a universal old-age security system.

Mr. MILLIKIN. No.

Mr. TAFT. Of course, as a result of the coverage now being provided a larger and larger percentage of the people over 65 will have assistance. As the Senator pointed out, he and I, I think, voted for the increased coverage because we believe we are getting the system we need ultimately under this system, or otherwise, there will be universal coverage of everyone over 65 years of age.

I may say to the Senator from Washington, the big problem, if we ever get to it, is if there will be a flat pension, as in England, or as it is under the proposed Townsend plan, or whether there shall be a pension graduated as the present pension is, with a maximum for those who have paid in nothing, plus additions with relation to what they have paid in. I mean the carrying on of the present system, with the addition of a minimum sum for those who have not paid in under the present system.

We have the problem also, if we ever get to that, as to how the tax shall be levied. Shall it be a payroll tax, or shall it be some other form of tax? How should people who are self-employed be taxed? All those problems are going to have to be raised.

I think the Senator pointed out that we decided we could not develop such a system in months, at best, and, even then, probably the House would not have considered it. So it seems to us absolutely impossible to make any such extensive change of this system.

I should like to point out finally, that what we have done, as I see it, is entirely in the right direction, and I see no reason why it should not be done at once. I think the subject has been considered carefully. The House committee has studied the matter for 5 years, and the Senate committee has studied it for 3. I see no reason why the bill now proposed should be postponed; but I think also we should look forward to a substantial further change in the nature of the assistance.

Mr. MILLIKIN. I thank the Senator.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. MALONE. With further reference to the question as to what subcontractors of the employers are to be considered as employees, I should like to ask the distinguished Senator from Colorado if that question is not left largely to the administrative agency, under a proper definition?

Mr. MILLIKIN. It is not left so much to discretion as the distinguished Senator might think from reading the House bill. We restored the common law test. Under the common law test it is impossible to bring in as employees independent contractors of the type the Senator has mentioned.

Mr. MALONE. Mr. President, if the Senator will yield further, I note that paragraphs 4 of section 104 (a) and 206 (a) of the pending bill, which may have been changed since the junior Senator from Nevada read the bill, define the terms, and that the social-security tax and "benefit purposes" are subject to interpretation by the administrative agency; of course, if these provisions were retained the combined effect of such broad factors interpreted by an administrative agency might change the coverage intended by the Senate bill.

Mr. MILLIKIN. I may say to the Senator, that nonsense is all out of the bill. It would be impossible to have such a provision passed by the Congress.

Mr. MALONE. I hoped it would be impossible.

Mr. MILLIKIN. We knocked it out in the Senate, over a veto by the President of the United States about 2 years ago.

Mr. MALONE. That is very good. There is still considerable nervousness on the part of the employers who follow the methods outlined with reference to who might be declared employees, and it would upset the established basis of the act.

Mr. MILLIKIN. I may say to the Senator, I believe that if those in the category the Senator mentions as nervous will read the pending bill, unless their situation is extremely cloudy, I do not believe they have anything about which to be apprehensive. I may say many were suspicious about two years ago when this same question was before the Senate. We had a good briefing then, and we have had a superb briefing this time on what those problems are. We reemphasized the House theory of how to determine an employer and an employee, and I think we have provided the only reliable test that can be followed, with the exceptions noted therein of what is an employee, and that is the test of the common law rule, realistically applied.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. WHERRY. I should like to ask a question, in view of the statement made by the distinguished Senator from Colorado relative to the fund which is now invested in bonds. I understand the Senator to say it amounted to approximately $12,000,000,000. Is that correct?

Mr. MILLIKIN. It is about $12,000,000,000 now.

Mr. WHERRY. I wanted to ask this question, because of the interest I have in preserving the stability of the dollar, and so forth; Is there sufficient money in the fund today to take care of the actual liabilities which could be assessed against the fund in the event there should be a liquidation?

Mr. MILLIKIN. The answer is "No." We started on the theory of a fully funded reserve system, and, by one of the amendments to the system, that was changed. What we now have is at best only a partial reserve.

Mr. WHERRY. Will the Senator indicate what part that is of the total liabilities which would have to be assumed if the liabilities were liquidated?

Mr. MILLIKIN. I do not want to give an off-the-cuff figure, but it would be several times larger than the present amount, which theoretically is in the reserve.

Mr. WHERRY. That is correct.

Mr. MILLIKIN. There is nothing in the reserve until a taxpayer is taxed to pay it off. As I said a while ago, the taxpayer, under wider coverage, becomes the same person as the insured man, and he therefore pays twice.

Mr. WHERRY. Does that not also strengthen the argument that the social-security theory is a "till fund" or small reserve, to prevent having to come to Congress every year to keep the outgo adjusted to the income. That kind of reserve fund, if we care to call it that, would be necessary, I think, under almost any kind of system that we might have. But the present thing is a fake.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. CAIN. If 17 percent of America's aged population are now receiving benefits from our social-security system—

Mr. MILLIKIN. From the insured part of that system.

Mr. CAIN. And less than 2,000,000 from public assistance, what would be the maximum percentage intended through the recommended amendments which is now proposed?

Mr. MILLIKIN. The ultimate tax rate is 6/2 percent, shared equally by the worker and the employer, except in those cases in which we insure the self-employed at a rate which is somewhat less than that, because the self-employed person pays the whole thing and pays only three-fourths of the amount which is now paid by the employer and the employee.

Mr. CAIN. What the Senator from Washington more nearly wishes to be able to understand is the percentage of America's aged persons eventually to be taken care of by the proposed extended and liberalized social-security system.

Mr. MILLIKIN. If 19,000,000 to 28,000,000 beneficiaries 65 years of age or older are estimated that we shall have from 1949 to 1970 we shall have about 2 years ago. Some 17 percent of America's aged population are now receiving benefits from our social-security system—

Mr. MILLIKIN. I yield.
Mr. WHERRY. Is it intended that further studies shall be made by the committee?

Mr. MILLIKIN. That leads me to my conclusion, which is that the committee has decided that it will support a resolution offered during the course of the proceedings for doing the necessary things, to establish a special study committee, expertly staffed, to continue the study of various problems of the type which have been discussed there today.

That, Mr. President, is all I care to say at the present time.
Mr. BUTLER. Mr. President, before entering on my formal statement on House bill 6000, I wish to say that any remarks contained in the statement which I may make are not intended to be other than constructive. I have the greatest respect, as do all the other Members of the Senate, for the loyalty and the ability of the distinguished chairman of the Committee on Finance, the senior Senator from Georgia [Mr. George], who, as I think most of the Senators know, has held meetings almost daily, beginning in about mid-January, until recently, considering House bill 6000. He has been most faithful in the discharge of the very arduous task assigned to him in that connection. I may say the same with reference to the junior Senator from Colorado [Mr. Milton], who has also spoken on the bill. The meetings were always attended by those members of the committee, and as frequently as possible by other members.

Mr. President, if the Senate passes the pending bill, H. R. 6000, we will be perpetuating a system which does grave injustice to millions of Americans—most of the present aged, and millions more who will some day reach the age of 65 without ever gaining coverage under OASI. I intend to cast a vote against it as a vote against such injustice.

My position does not mean that I am against social security. On the contrary, one reason I am opposing this bill is because it does not provide security for our elderly citizens. That point I expect to deal with in some detail later on in my remarks.

In this bill are certain provisions dealing with aid to the blind and to dependent children. I shall not deal with these provisions in my remarks at this time. That is not because I have not given them consideration. It is because right now the provisions dealing with the old people are of an over-riding importance. The sums involved and the number of persons concerned are far greater; the national commitments are more far-reaching; and the questions raised are far more pressing, both as they affect the plight of our old people and as they affect the very life and vitality of the American economy.

Mr. President, this bill represents a further extension of the deferred benefit concept of social security which the Social Security Administrator tirelessly urges, defends, and promotes. It is a mistake to suppose that that concept is the only one on which a social-security system can be based. We have had that kind of social security in this country before. Under that system, we have seen less than one-fifth of our present old people receive any insurance benefits. We have seen millions of other aged, equally deserving, excluded from the benefits of the system. In fact, millions of those who draw no benefits have paid in payroll contributions, and, under the present concept, they receive nothing, no: even their own money back. That is the kind of system that we have today.

What is this theory upon which our present old-age and survivors insurance system is based? Briefly, it is a system whereby certain selected employed persons and their employers—taxed to provide a trust fund. Out of this trust fund, supposedly, a series of graduated benefits—depending in part, but on superior merit, on what superannuated employee had earned in the past—are paid to those persons who are safely within the fold. In the course of time, the number of groups subject to those taxes has increased and in H. R. 6000 it is still further increased. It is the contention of the Truman administration that the system can be improved and made perfect by adding additional groups.

I disagree with that conclusion. I believe that the law as it now stands, and as it will still be if the bill passes, is capricious, in many instances extravagant, unwise, and unjust. The bill simply patches up a system that is working badly. Furthermore, I say that the system tends to concentrate more and more power in the executive branch and simultaneously to dissipate the resources and sense of responsibility of our local communities. But above all, I believe the operations of the law constitute a mean and miserable cheat both on millions of our old people and upon many more millions of those who, still in their youth and in the first years of their working lives, are paying taxes for future benefits which they may never receive.

The Social Security Administration has always set great store on the wage records of those covered. In a special division in Baltimore there are assembled over 80,000,000 wage records handled by machinery devised by the International Business Machines Corp., machinery on which the Government is said to be paying a rental of more than a million dollars a year! With this in mind, I believe the fact that 80,000,000 wage records are on file, Commissioner Altmyer estimates that at any one time only 35,000,000 persons are working in “covered occupations.” This phrase “covered occupations” does not mean that only 35,000,000 are certain of old-age benefits. It only means that 35,000,000 are currently paying social-security taxes and that if they continue to pay these taxes long enough, the happy day for some of them may arrive when they may be safe and sure of old-age benefits.

Mr. President, this is a strange spectacle. Our social-security system is 15 years old. We have 80,000,000 wage recipients. But out of the 80,000,000 only 35,000,000 are “currently” insured and a much smaller number are in a position to be positive that they will ever receive old-age benefits.

Back in 1935, when the Social Security Act was first passed, it was obvious that numerous old people at the time were past their working years and never could qualify under the system. The problem, so people said, was to make some special arrangement so that destitute old people could be provided for until the system, that is, old-age and survivors insurance, came into full operation. The present need was to have a safety valve, and the arrangement that was provided was the so-called old-age assistance. This worked as follows: Out of general revenues the Federal Government annually appropriated sums. A matching formula was devised by which the States would put up so much and the Federal Government so much and out of the combined sums the currently aged and destitute would be provided for. It is true that in H. R. 6000 it is still further increased. It is the contention of the Truman administration that the system can be improved and made perfect by adding additional groups.

As I say, it was supposed back in 1935 that very speedily the money required for this purpose would begin to shrink as more and more persons were covered by old-age and survivors insurance.

But strange and wonderful to relate, this has not happened. In 1936 the Federal Government spent only seventeen million for old-age assistance. By 1949 the Federal portion of the subsidy had climbed to $726,700,000. Including what the States spent, a total of one and one-third billion dollars—$1,326,047,000—was spent in 1949 for old-age assistance relief alone.

The so-called, old-age pensions paid by most of the States have come to depend on very considerable degree, on these Federal subsidies. The pensions vary from State to State, they are not uniform, and of course they are political footballs.

Many a State political campaign has been fought with promises to jack up the pensions of the old folks. Fundamentally it is cruel to the old people for they are constantly being harangued and excited by further promises which inescapably depend on Federal subsidy and income. They never know whether or not their
You cannot have it both ways. If a sound framework of social-security legislation had been erected we would not now have the pressure for public assistance. And the reason we do not have a sound framework of social security is that the Administration has fought tooth and nail in defense of the present system and the present concept.

Repeatedly for the years, many Members of both the House and Senate have felt uneasy and sometimes alarmed. They have urged and pressed for a thorough house cleaning in the Social Security Administration. But so great is the complexity of the subject, so full of fancy footnotes, its, ands, and buts, that in the end the effort has been fruitless and the system grows in power and strength. Somehow or other, every time we have an advisory council, experts from the Social Security Administration take over the research job and persuade the council that the whole thing is perfect and ask for an expansion of it. The possibility of a completely different system never gets any consideration at all.

A year ago, when this legislation came before the Ways and Means Committee, Mr. Hoover said: 'The Ways and Means Committee, wrote to former President Hoover and asked his views on social-security revision. Mr. Hoover has had a close acquaintance with this subject for many years, and he replied to Chairman Doughrón in great detail. Said he:

The real and urgent problem is the need group, of which can it be solved for many years, by the Federal insurance system, even if that system can be made to work efficiently.

And again, Mr. Hoover said:

The Senate particularly to note this phrase of Mr. Hoover's: "more positive security to the aged than this complicated system." Unfortunately, Mr. Hoover and I had no social security needed.

Instead there comes before us the current bill, H.R. 6000. Where does it carry the system from the point where we are at the moment? I shall try to show where we are going. I said I shall try, because the system is so complex that it almost baffles description.

I may say at this point that this complicated old and of the phase of this problem that baffles Congress. In my business life, I never yet sat down to discuss an insurance problem with an insurance man without having the two of us understanding perfectly under this phase or so, at least, what both of we were driving at.

Such is not the case with social insurance, so-called. Get a social-security official talking, and he will have you dizzy in no time.

There is a mass of official reference material. This material is blurred; the statistics are jumbled; the writing is involved. Just to compute the benefits for any given individual requires three or four different steps—three or four computing machines.

It ought to be plain enough to the Senate that a staff of bureaucrats, running a system which few Congressmen can understand, are in an ideal position to the undergraduates. I am afraid that is exactly what the Social Security Administration has been able to do.

What does H.R. 6000 do, Mr. President?

First. It expands the compulsory coverage of old-age and survivors insurance to additional categories, including some domestic workers, sundry types of self-employed, and various smaller groups. It also provides voluntary coverage for some 1,500,000 State and local government employees who do now have retirement plans of their own. New and compulsory coverage will add 8,300,000 persons to the system, so that, all told, both compulsory and voluntary, we may possibly get 10,000,000 new persons on the rolls.

Second. By a process of liberalization, those approaching retirement are in the newly covered groups, are able to quickly qualify for benefits. Under this phase of liberalization it is estimated that about 500,000 additional persons would be paid benefits during the first year of operation after this bill is passed. By making these 500,000 aging persons more quickly eligible, it is contended that the need for old-age-assistance relief will be reduced to that extent.

Third. Again, the scale of benefits is liberalized for all those currently receiving old-age and survivors insurance benefits by an average of some 90 percent. Fourth. Old-age assistance: This is the relief item which I said had been climbing so rapidly, and which runs at $1,300,000,000 a year. Note this, please: The contention is made that the cost to the Federal Government for public assistance "should not be increased further by modifying the existing matching formulas." What this means is that the existing matching formulas will be left as they are. Even so, it is very probable

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Social Security Administration, May 8, 1950.

Footnotes:

that the costs of old-age assistance will continue to rise—merely by allowing the formulas to stand as they are.

Fifth. Finally—and I am compressing the gist of the bill into the shortest compass I can—the cost of the so-called Insurance plan will be met by a swiftly rising payroll tax. At the moment the tax is 3 percent on the first $3,000 a covered person earns, the tax being split 50–50 between employer and employee. In 1956 this rises to 4 percent, in 1960 to 5 percent, in 1966 to 6 percent, and finally, in 1970—20 years hence—to 6.5 percent.

At least, that is what the sponsors of the legislation contemplate, and that is what this proposed bill will provide—if it is not changed before 1970.

In practice, none of us know what tax rates will actually be levied when 1970 rolls around. Most of us probably recall that when the original Social Security Act was passed, a certain formula was written into the law. As the time came for those increased rates to go into effect, however, the Congress felt it advisable to defer again and again the increases in order to find good and sufficient reasons. If those increases had not been deferred, we would have had a really mammoth trust fund by now, far, far bigger than the approximately $10,000,000,000 that we have today. The Congress felt there was no real necessity for creating such a monster fund.

No doubt, the same thing will happen again, each time we approach the date at which increased tax rates are supposed to go into effect. For that reason, I say that we do not really know what rate of tax will be levied under this system in 1960 or in 1970. The really rigid part of this bill, the part which it may be politically impossible ever to reduce in years to come, is the level of benefits promised.

Under this system, the total cost of these benefits becomes larger and larger as the years go by. We do not know exactly how heavy that cost may become. Consider, for example, what the law of actuarial probability may be in the year 1990, when the present young men of twenty-five first become eligible for pensions under the promises contained in this bill. Our committee report presents us with a wide range of estimates as to the cost. According to the low cost estimate, benefits in 1990 will amount to $7,800,000,000. According to the high cost estimate, they will be practically 50 percent greater, or $11,700,000,000. In short, we are asked to enact legislation on a matter where our estimates of cost vary as widely as 50 percent.

These cost items are not something that we can easily control. They represent the total of the promises, made by this bill, to millions of people who today must continue to add to their savings toward a guaranty of security in their old age. If those costs rise higher than expected, the Nation will still feel obligated to pay them.

These are the costs which, according to the committee estimates, probably can be taken care of by the rising scale of taxes provided in this bill. The difficulty is that since we do not know what the costs will be, we do not know what tax rates will be necessary to meet those costs. The distinguished chairman [Mr. Gore] undoubtedly believes in all sincerity that this bill provides a scale of tax rates which will be substantial enough. But on the basis of these widely varying estimates he does not know, and none of us know whether the tax rates provided in the bill will come anywhere near providing the revenue needed to pay the costs. Under the table entitled "High Cost Estimate," on page 39 of the report, the cost could easily run 9 percent of payroll in 1990 and have reached 10 percent of payroll in the year 2000. That is the level of taxes we might have to levitate at that time if the promises made by this bill are to be kept.

What is the possible sense of making promises covering a period of 40 or 50 years hence, which may have to be fulfilled with such crushing tax levies? How do we know that private business in 1990 or 2000 will be able to bear the burden? In fact, how do we know that private business will be able to bear a payroll tax of 6½ percent at that time? If we are so sure that we can afford a level of that magnitude, why do we not levy it today and take care of the present aged in a decent way? The fact is that we do not know, and we have not tried to find out, how much of an additional tax present income earners can carry for the support of the aged.

We have been content to defer the whole problem to the distant future, but at the same time we have made big promises that some future generation may have to carry out.

Now, if this bill passes, what is going to happen? With these taxes the income of the trust fund will be so great that the payment of increased benefits for the next few years will be easy. Smooth sailing is the word. The tide of tax money flows in. The lode of payment checks flows out. All looks rosy. For a while. For just a while.

But do not forget that hundreds of millions of dollars of this tax income are coming from young men and women 25, 30, and 35 years old. They are paying for benefits that supposedly will be due them anywhere up to 45 years hence. Meantime, what about the number of old people? The census tells us of the steady increase in the number of aged in this country. Oscar Ewing may claim that our methods of medical care are terrible, but the truth is that we have cut infant mortality to the bone, and that is the chief fact that guarantees us lots of old people in the future. The proportion of old people in the United States is expanding. Under H. R. 6000's liberalized benefits, so many old people will not, and with the number of qualifying beneficiaries rising, the outgo of benefit payments swells. Then begins the race between the tax income and the benefit outgo.

Never forget that many receive benefits far greater than anything they have ever paid in and that money must come from somewhere. In fact, every beneficiary on the rolls today is receiving far more than the actuarial value of the contributions he has made.

Listen to this* from the annual report of the trustees of the Old-Age and Survivors Insurance Trust Fund, a report dated January 2, 1950:

The trend of such payments will be upward throughout the present century. By 1970 (20 years from now) benefit disbursements are expected to increase to three or five times their current level.

That means that sooner or later in this race between tax income and benefit outgo, the outgo catches up with income and the two are running neck and neck. Then income begins to fall behind outgo and there remains the sacred trust fund to fall back upon.

As of June 30, 1949, there was in this trust fund a little under $11,300,000,000. This amount in the trust fund will handle the excess of benefit payments over tax income for X years more. That is to say, within X years the trust fund is exhausted, the tax income is insufficient for outgo, and the zero hour for old folks is at hand.

I say X years because neither I nor anyone in the Senate nor anyone in the Social Security Administration nor any actuary in the world can accurately project figures set up as this system is. Benefits have been boosted before with no regard for the source of the money and it can be done again.

But wait. The amount in the trust fund is not in dollars. The Government has long since spent that money, replacing it with bonds. To make good the bonds rendered either the Government must tax further or borrow more. Even when this is done, a few years sees the end in sight.

Now I ask, Mr. President, just exactly what is the Congress going to say then to the younger men and women who have been paying, paying, paying for a promise? What is the Congress going to say to these people when they learn that the fund is exhausted and their money gone with it? As my Nebraska colleague in the House, Representative Carl Curtis, put it in his minority views on H. R. 6000:

We bind on coming generations to pay untold billions of dollars not only 50 years from now, or 100 years from now, but so long as the Government of the United States stands. It is totally unmoral. And, I might add, totally insane.

I have said that I dislike the capricious character of the existing law. I want to illustrate this in the case of Nebraska.

The figures I shall use are worked out in the rough and may not be precise to the last digit. Total national employment figures are common but are not customarily broken down by States. The

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Ibid., p. 8.
figure for employed persons over 65 in Nebraska is prorated from national figures. I believe, however, that the figures are substantially correct, giving a picture of the situation in my State as it is now.

There are in Nebraska about 126,000 persons 65 and over. Some 14,500 now receive OASI benefits and perhaps 24,000 get old-age assistance. If we subtract overlaps and add some 2,200 who are getting federally subsidized institutional care of one sort or another, we find that about 39,000 persons 65 and over are getting old-age benefits or old-age assistance of any kind, while more than 87,000 Nebraskans 65 years of age out somewhere in the fog. What has happened to them?

Well, about 37,000 of them are working more or less, and the estimates indicate that there are around 6,000 wives 65 years and over married to persons 65 and over who are still working. This gives 43,000 old Nebraskans working, some with aged wives. A few, perhaps 3,000, could be said to have set some benefit or some assistance. We end up with 40,000 elderly working Nebraskans and elderly wives, of a total of 126,000 in the State, who are right now getting no benefit or assistance.

In addition, there are perhaps 47,000 Nebraskans 65 and over who neither work nor receive benefit, aid, relief, or assistance of any kind.

That is to say, 87,000 old folks in Nebraska get nothing, whether they are working or not.

Some of these 87,000 Nebraskans have in one way or another made provision for themselves. We do not need to worry about them.

Some are living with their children and are supported by them, which is no disgrace.

Some—and nobody can tell how many—without access to the wage records in Baltimore—have paid social-security taxes, but not long enough to qualify and have not been able to prove that the days they put in are the days for ever past when they can qualify. If they are in need, they must look to relief—that is, to old-age assistance.

It is unfair to whipsaw the old people in this way. If the man impresses you that through taxation he and his employer have bought him an annuity when he gets more than what the taxes would really buy. Sometimes he is really doing what he knows is right. Often he passes the buck and asks me to do the things he is supposed to do.

I am tired of the legislated lunacy that we now have. I want a system and a benefit that we can honestly pay for as we go, closing out each year's accounts when the year is over and beginning again when the new year starts.

As we know, farmers and almost all agricultural labor are excluded from this big farce.

Well, opinion is mixed. Among the farm organizations the Farmers Union endorses coverage.

The National Grange is interested but somewhat uncertain. For example, their 1949 resolution contained this clause:

That the executive committee be authorized to advocate the Grange stand favoring general coverage of farm people if it is satisfactorily administered. Furthermore, the resolution showed their interest and concern. Still, the resolution was qualified to this extent, and I now quote:

If the extension is provided by law to include self-employed other than farmers, and is proved feasible and administratively practical, then careful consideration should be given by State and county farm bureaus to the coverage of farm operators under the old-age and survivors insurance program.

That is another big "if."

The Farm Bureau is also interested in coverage and the resolution adopted at the December 1949 convention at Chicago showed their interest and concern. Still, the resolution was qualified to this extent, and I now quote:

The National Grange is interested but somewhat uncertain. For example, their 1949 resolution contained this clause:

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That is another big "if."

As far as individual farmers are concerned, I get little mail from them or from agricultural labor, either, on any side of the question. Various explanations are offered to explain this, but the fact remains.

I have just as much concern about the indigent aged on Nebraska farms as I have about the indigent aged in Omaha, Lincoln, Hastings, Grand Island, or Scottsbluff.

But if I am persuaded that the present system is not administratively practical, that it is capricious and in many instances unjust, and that, about all, the system as it is now organized is on the way to bankruptcy or chaos, I would be without a conscience if I tried to vote for the Senate farm bill to help into such a trap.

I am persuaded that if the present law is extended as it is in H. R. 6000, we are on the way ultimately to bankruptcy and economical chaos.

**Note:** The text contains references to Nebraska's social-security benefits and the need for a more equitable system, emphasizing the lack of benefits for many elderly Nebraskans and the need for a system that is administratively practical and fair. It also discusses the views of the National Grange and the Farm Bureau on the matter. The text is a call for a system that is self-financing and administratively practical.
Some reports in the press have made that this bill is a pay-as-you-go bill. It is not pay-as-you-go in my language. To me a pay-as-you-go system is one in which the cost is paid in full in any given year and that when the year closes, nothing is owed and nothing is promised.

I shall vote against House bill 6000 because it is unjust, uneconomic, and undemocratic.

My position is not merely negative, however. I have a new, specific, constructive alternative to offer. A little later in the course of this debate, I plan to present this proposal to the Senate in some detail.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

Mr. GEORGE. Mr. President, it would accommodate the committee in the consideration of the bill if Senators who have amendments to offer would, as soon as they can have them prepared, submit them to the Senate. If that is done, we will get a better idea of the length of time that may be required on the bill. I am merely making this as a suggestion.

Mr. LUCAS. Mr. President, before the Senator from Georgia takes his seat, I should like to advise him of a fact which he perhaps knows. The Senator from Colorado (Mr. MILLIKEN) advised me this morning that he was under the impression that the Senator from Georgia would leave for his home in Georgia today. I told him that was incorrect, that the Senator would probably leave tonight, that he would be present in the Senate today.

Mr. GEORGE. I shall be here today and tomorrow. I shall not leave until tomorrow night, and I shall be back Monday. I thought that if the debate went on through Friday I could ask some other members of the committee to look after the bill.

Mr. LUCAS. I desired to advise the Senator with respect to the conversation I had with the Senator from Colorado, who indicated that he would be willing today to enter into a unanimous-consent agreement to vote on the bill and all amendments starting on either Monday or Tuesday next.

Mr. GEORGE. We are working on the problem now with the distinguished junior Senator from Nebraska (Mr.
Wherry, and we may have a proposal to make at a very early hour today.
Mr. Lucas. I was not sure that the Senator had seen the Senator from Colorado; that was why I raised the question.
Mr. President, I desire to make a further statement.

The VICE PRESIDENT. The Senator from Illinois has the floor.
The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

The VICE PRESIDENT. The Senator from Ohio has the floor.

Mr. LUCAS. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. LUCAS. I offer amendments to the pending bill (H. R. 6000) on behalf of myself, the Senator from Alabama [Mr. HILL], the Senator from New York [Mr. LEHMAN], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New York [Mr. IVES], the Senator from Massachusetts [Mr. LODGE], and the Senator from Illinois [Mr. DOUGLAS].

The amendments provide for coverage on a mandatory basis of the employees
of transit systems operated by municipalities
or political subdivisions of States. I shal
have the amendments printed and lie on
the table.

Mr. TAPT. Mr. President, will the
Senator be willing to add my name as a cosponsor of the amendments?
I had intended to offer an amendment of the
same sort myself.

Mr. LUCAS. I shall be very glad to
do.

The VICE PRESIDENT. Does the
Senator from Illinois offer the amend-
ments as the pending question, or to be
printed and lie on the table? There is
no pending amendment, other than the
committee amendment.

Mr. LUCAS. Very well; I offer the
amendments as the pending question, and
I add as a cosponsor of the amend-
ments the name of the distinguished
senior Senator from Ohio [Mr. TAFT].

The amendments submitted by Mr. LUCAS (for himself and and other Sena-
tors) are as follows:

On page 238 beginning with line 13, strike out all down to and including line 24 and invert in lieu thereof the following:

"(B) Service performed in the employ of a State, or political subdivision there-
of, or any instrumentality of any one or
more of the foregoing which is wholly
owned by states or political subdivisions
(other than service included under an
agreement under sec. 218 and other than
service performed in the employ of a
State, political subdivision, or instrumen-
tality in connection with the operation of
any public-transportation system the whole
or a part of which was acquired after 1938).

"(B) Service performed in the employ of
any instrumentality of one or more States or
political subdivisions to the extent that
the instrumentality is, with respect to such
service, immune under the Constitution of
the United States from the tax imposed by
section 1410.

On page 328, beginning with line 8, strike out all down to and including line 26 and insert in lieu thereof the following:

"(B) Service performed in the employ of a
State, or any political subdivision there-
of, or any instrumentality of any one or
more of the foregoing which is wholly
owned by one or more State or political subdivi-
sions (other than service performed in
the employ of a State, political subdivision of any public-
transportation system the whole or any part
of which was acquired after 1938).

"(B) Service performed in the employ of
any instrumentality of one or more States or
political subdivisions to the extent that
the instrumentality is, with respect to such
service, immune under the Constitution of
the United States from the tax imposed by
section 1410.

Mr. LUCAS. Mr. President, in con-
nection with the amendment, I ask
unanimous consent that a short state-
ment of explanation be printed in the
body of the Record.

There being no objection, the state-
ment was ordered to be printed in the
Record, as follows:

TRANSPORT EMPLOYEES AMENDMENT TO H. R. 6000

This amendment provides for coverage on a
mandatory basis for the employees of
transit systems operated by municipalities or
political subdivisions of States. This
result is obtained by amending the section
defining "employment" so that service on
publicly operated transportation systems
is included within the types of employment
covered by the old-age and survivors insur-
ance program. Employees of all transporta-
tion systems taken over by municipalities or
political subdivisions of States after 1938
would be brought under the social-security
system by this amendment.

The comparable provision included in
the House bill would cover only the em-
ployees who worked for the transit company
at the time it was taken over by the
municipality. Representatives of the Amalg-
ated Association of Street, Electric Railway
and Motor Coach Employees of America tes-
tified against this provision. The amend-
ment proposed here would meet with their
approval.

In the Senate Finance Committee the sec-
tions providing for special treatment for this
group of employees of transit systems
in the committee bill will be covered only if
they qualify under the section pertaining to
public employees generally. This means that
they can obtain social-security coverage only
if they do not have a retirement plan and if
the State legislature enters into a compact
with the Federal Security Administrator pro-
viding for the coverage of the transit em-
ployees.

The VICE PRESIDENT. The ques-
tion is on agreeing to the amendments offered
by the Senator from Illinois for himself and other Senators.

Mr. LUCAS. Mr. President, I also
offer an amendment to the bill, on be-
half of myself and the Senator from
Rhode Island (Mr. GREEN). The amend-
ment would amend the Social Security Act
by adding a new title providing for the
payment of insurance benefits by the
Federal Government under certain
circumstances. The amendment is en-
tirely different from the present provi-
sions of the bill.

The VICE PRESIDENT. The amend-
ment will be received, printed, and lie
on the table.

Mr. LUCAS. Mr. President, in con-
nection with the amendment just offered
by the Senator from Illinois for himself and other Senators,
I ask unanimous consent that a short state-
ment of explanation be printed in the
Record, as follows:

There being no objection, the state-
ment was ordered to be printed in the
Record, as follows:

GRANTS TO STATE UNEMPLOYMENT FUNDS

Section 404 of H. R. 6000 was inserted by the Senate Finance Committee. It provides
for the reestablishment of a loan fund
for State unemployment compensation systems which are being depleted.

This amendment would delete that section
and provide instead for grants to State
employment compensation systems which are
being depleted. I ask unanimous consent
that a short statement of explanation of the
amendment may be printed in the
Record.

There being no objection, the state-
ment was ordered to be printed in the
Record, as follows:

GRANTS TO STATE UNEMPLOYMENT FUNDS

Section 404 of H. R. 6000 was inserted by the Senate Finance Committee. It provides
for the reestablishment of a loan fund
for State unemployment compensation systems which are being depleted.

This amendment would delete that section
as follows:

Grants to State Unemployment Funds

Section 404 of H. R. 6000 was inserted by the Senate Finance Committee. It provides
for the reestablishment of a loan fund
for State unemployment compensation systems which are being depleted.

This amendment would delete that section
and provide instead for grants to State systems which are being depleted. In order to
Implement this provision for grants to State systems which are being depleted, I ask unanimous consent
that a short statement of explanation of the amendment may be printed in the
Record.

Under this amendment the size of the grant will be equal to three-fourths of the
excess of the compensation payable during the quarter over 2 percent of the taxable pay-
roll, except that after June 30, 1953, increases in the compensation which are not
covered by the application for a grant shall be dis-
regarded.

The first paragraph of the amendment
earmarks for the Federal unemployment ac-
count the funds collected under the Unem-
ployment Tax Act which are not used for
for the payment of administrative expenses.

The other sections of the amendment pro-
vide for the administration of the grant program by the Secretary of Labor.

ARGUMENT FOR THE AMENDMENT

Although the loan fund now contained
in title 12 of the Social Security Act has been
in existence since 1944, it has not been used.
This, of course, can be explained by the fact
that most State unemployment compen-
sation systems were not depleted during those
years or that high employment prevented
the unemployment in local areas does increase,
it becomes more and more obvious that the provision for loans is completely inadequate.
In at least 28 States there would be serious
constitutional questions with respect to the
use of money. This in itself is a major argument against reliance on such a loan provision.

The unemployment compensation program
in itself is far from perfect. As employment
decreases, the total revenue from this tax
is greatly reduced. At the same time, in-
creasing unemployment results in an in-
creased drain upon the unemployment com-
pensation fund of the State. The loan pro-
vision would allow the State to go further
depth into debt under these circumstances.
The loan would have to be repaid, but the State
has no foreseeable means of repaying it.

The States in which unemployment funds are being depleted will have ever-
increasing financial difficulties under this loan provision.

A provision for grants to the unem-
ployment-compensation funds which are being depleted because of high unemployment in
particular States will more adequately meet
the needs of these States. It seems proper
to use the funds collected from a payroll tax
designed to provide unemployment
compensation and unemployment
restitution for this purpose. In the past
these funds have gone into general revenue. At the present time, up to 90 percent of the
Federal unemployment tax may be paid to approved State unemployment-compensa-
tion funds. If the other 10 percent of the Fed-
eral tax is collected by the Federal Govern-
ment, administrative expenses have been
met from these collections, but the excess has
gone into general revenue. If these amounts were transferred to a Federal un-
employment account over a period of years,
a fund would be built up which could be
used to aid State funds which are being
depleted.

The amendment does not change the pres-
ent arrangement for the administra-
tion of these funds. The amendments
provides for certain conditions which must be
met by any State before a grant will be
available. If that State's unemployment
fund is being depleted, the State must pro-
vide a payroll tax of at least 1 percent be-
fore any grant will be available.

Mr. LUCAS. Mr. President, I also offer
and send the amendment on behalf of myself and the Senator from
Pennsylvania [Mr. MYERS]. The amend-
ment provides for assistance payments to
the caretakers of dependent children.

The amendment is in line with what the
House of Representatives agreed to, but what the Senate Finance Committee saw
fit to eliminate.
The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. LUCAS. Mr. President, in connection with this amendment offered on behalf of the Senator from Pennsylvania (Mr. MYERS) and myself, I understand that a short explanation of that amendment be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD as follows:

AN AMENDMENT TO PROVIDE FOR ASSISTANCE PAYMENTS TO THE CARETAKER OF DEPENDENT CHILDREN

H. R. 6000, as passed by the House, provided for Federal sharing in aid furnished to meet the needs of the relative with whom a dependent child receiving aid is living, to the same extent as it shares in the cost of aid furnished dependent children. The maximum individual payment to be counted for this purpose would be the same as for the first $15 of the first $30 and one-half of the excess up to the individual maximum of $30 for the first child and the caretaker and $20 for each dependent child. This means that up to $16 of Federal funds will be available for each caretaker.

This provision would take effect October 1, 1950.

Section 323

This section is amended (p. 379, line 10) so that the definition of aid to dependent children will include an allowance to the relative with whom a dependent child is living. The relatives already specified by existing law are father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncles, or aunts.

Section 341

This section is amended (p. 381, line 14) so that persons receiving aid as the caretaker of dependent children shall not also be entitled to assistance under the aid-to-the-blind program.

ARGUMENT FOR THE AMENDMENT

The program in the past has provided aid to the dependent children, but has made no provision for the parent or relative with whom the children are staying. This does not seem proper or sensible. If the problem of providing in some way for dependent children is to be solved through the efforts of State and Federal financing, it would seem only sensible to make that aid available in such a way that the parent or relative may properly care for the child.

The existing law is completely inadequate in recognizing the fact that dependent children qualify as such only if one or both of the parents are away from the home and they meet a needs test. The program should be administered in such a way that the home that is wanted is built into the law. This necessitates some provision for the parent or relative with whom the children are staying. The Amendment has actively sponsored this amendment.

Mr. TAFT. Mr. President, the pending bill attempts to improve the system of old-age and survivors insurance, which has been in effect for a period of 14 years. That system has been frequently criticized. We distinguished Senator from California (Mr. DOWNER) made a speech which lasted throughout an entire day, pointing out the inequalities and unsoundness of this system.

Certainly it is long overdue for improvement. The general purposes of the present bill have now been endorsed by both political parties for a period of probably as much as 8 years. I know they were endorsed in the Republican platform of 1944. In the Republican platform of 1948 we favored "extension of the Federal old-age and survivors insurance program and an increase of the benefits to a more realistic level." In the statement of Republican principles and objectives adopted by the Republican Members of the House and Senate about the 1st of February of this year, as I recall, National and Local National Committee, we undertook this obligation:

The obligation of government to those in need has long been recognized. Recognizing the inequities and injustices in the present Federal old-age and survivors insurance program, we urge (a) the extension of the coverage of the Federal old-age and survivors insurance program, reduction of cost of coverage, and increase of benefits to a more generous level, with due regard to the tax burden on those who labor; and (b) a thoroughgoing study of a program of more nearly universal coverage, including the principle of pay-as-you-go.

The pending bill does exactly what was at that time proposed. It extends the coverage of the Federal old-age and survivors insurance program by including, as I remember the number, including 7,000,000 or 8,000,000 people under 65 years of age who are not now included, and it reduces the eligibility requirements by giving what is called "the new start," so that anyone who starts now to pay will, after about a year and a half, I believe, or after six quarters of covered employment, come under the benefits of the system. It increases the benefits to a more generous level, by increasing them approximately by 85 or 90 percent.

I think it should be made perfectly clear what the bill does not do. The present old-age and survivors insurance program by including, as I remember the number, including 7,000,000 or 8,000,000 people under 65 years of age, so far as the payment of benefits at the present time is concerned, although of course many millions are now included by only a limited number.

Those 2,000,000 people are today receiving a wholly inadequate pension, one which is worth about half what it was when the system was inaugurated in 1936.

There are 11,500,000 people over 65 years of age, and the present system does not cover more than 2,000,000. It therefore does not meet the general demand for old-age pension for the people who are over 65 years of age today.

Outside the 2,000,000 receiving benefits under this system, I think about 2,800,000 are getting old-age assistance on a needs basis, through a combination of Federal and State, which costs the Federal Government today approximately $900,000,000.

The pending bill increases the coverage of old-age insurance. I do not think I shall want to discuss the details. There are many detailed questions as to who should be covered and who should not be. In general, the committee tried to cover everyone they thought could be covered on a compulsory basis. It was practical, and where there was not a substantial objection on the part of those who are not now covered.

The benefits, as I say, are increased by from 85 percent to 90 percent, both the benefits of those who have already retired, and, of course, the benefits of those who may be retired in the future; and I point out also that the eligibility requirements are reduced.

In addition to the general question of the old-age and survivors insurance, the bill also tries to improve the public assistance programs by which the Federal Government shares its needs basis with the States in paying old-age assistance to the blind and aid to dependent children. The House bill actually increased the Federal share of those payments, to a point where the Senate would have had to increase the Federal Treasury about $235,000,000 a year in addition to what we now pay. The Senate committee felt, I think very strongly, that there was no particular reason to increase the Federal proportion, because the Federal Government has a deficit of $6,000,000,000 a year, while the States are reasonably well off. So there was no reason why the Federal share of these other payments should be increased, and no reason why the total payments should be increased.

One of the objections to the present system is that the old-age insurance payments to which contributions have been made in the form of taxes average about one-half of the old-age assistance payments to which no contribution is made. One of the purposes is to make the old-age assistance insurance more popular and more attractive by bringing those payments up to a realistic level. Certainly they should be above the old-age assistance payments.

There seems to be no reason to increase old-age assistance payments at this time. The committee made a slight increase in the dependent-children programs which have not been entirely satisfactory or sufficiently large to cover all the needy cases throughout the States. Instead of approximately $225,000,000 in the House bill, the Senate bill increases the Federal share by only $35,000,000. The bill also increases the authorization for services for crippled children, for services for maternal and child health services, and for child welfare services, these programs which involve no cash payments to anyone, but simply enable the States to conduct a more comprehensive and satisfactory service in those fields where the need of assistance and State action are clearly recognized.
Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Vermont.

Mr. AIKEN. Does the bill provide for any reduction in Federal contributions?

Mr. TAFT. No. Old-age assistance is left as it is, and I think the same is true as to the blind. There is a slight increase for assistance and dependent children, and there is an increased authorization for the services to which I have just referred.

I feel that the bill carries out general pledges which have been made by both parties, and I also think it moves in the right direction. The only thing I do not like about the bill is the fact that it still adheres to the so-called social-insurance program. The fund was to be established by the people who paid taxes in, and then when it reached the proper point they were to take out what they were entitled to as a result of having paid into the fund. That was very soon abandoned, because the fund was impossible to administer.

If we should try to have an actuarily sound fund invested in good property, it would get 5 per cent or 6 per cent, and of which I approve, used as a basis for extending so-called social insurance to all kinds of other fields of social welfare, and increasing the tremendous expense of welfare service beyond the present means of the people of the country. I do not believe the Federal Government ought to become more involved than it is in the way of providing welfare services and providing for the needy throughout the entire Nation.

As I say, this old-age system is not insurance. It started out to be an actually sound fund. The fund was to be established by the people who paid taxes into it, and then when it reached the proper point they were to take out what they were entitled to as a result of having paid in. The fundamental thought of which I approve, used as a basis for extending so-called social insurance to all kinds of other fields of social welfare, and increasing the tremendous expense of welfare service beyond the present means of the people of the country. I do not believe the Federal Government ought to become more involved than it is in the way of providing welfare services and providing for the needy throughout the entire Nation.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. SMITH of New Jersey. I should like to ask the Senator if I correctly understand his position. Is the Senator proposing that hereafter those presently working will be taxed to pay benefits to those who are 65 the same time those presently working will not be contributing to their own retirement benefits?

Mr. TAFT. That is correct. I would favor a universal old-age pension system. At the same time, we might just as well recognize what we are doing. In the old days children were supposed to take care of their parents. That was just as it should be. But it was not done. Sometimes there were no children to assume the responsibility.

For that system we should substitute a system under which all the people under 65 are supposed to say they will pay old-age pensions to everyone over 65, hoping that when they reach the age of 65 the people who are at that time working will assume the same obligation.

Mr. AIKEN. Mr. SMITH of New Jersey, I should like to ask the Senator to take the position that the contributions made by individuals through the years have no relation to their ultimate pensions.

Mr. TAFT. There is a slight relation, but the benefits which are paid have only a slight relation to what a man pays in.

I should like to read from a speech made by Representative CARL T. CURTIS, of Nebraska, in the House of Representatives.

He said:

Let us consider the case of a man who is now 50 years of age. Let us assume that he has been engaged in business. That man takes out insurance since it started in 1937, that he and his wife are the same age, and that each of them, at the same time, will reach 65 at the same time. We will also assume that his average monthly wage has been $500. This man will have paid in 50 cents according to the schedule in the present law a sum of $1,440, and his employer a like amount, or a total of $2,880.

This amount would have purchased him a monthly benefit of $14.40 on an actuarial basis. However, under existing law he would draw $47.95 a month, and his wife would draw $12.95, or a total of $71.90. In less than 3½ years he and his wife would draw everything that he and his employer have paid in, even though it has been covered for 37 long years. The actuaries say that the total value of all these benefits under existing law is $6770. Under the pending measure that would be raised to $7110 a month, his wife's to $5560 a month, or a total of $10670 a month.

Mr. SMITH of New Jersey. Mr. President, will the bill provide for a flat pension for everyone, or would he favor a graduated pension?

Mr. TAFT. I yield.

Mr. SMITH of New Jersey. Do I correctly understand that the Senator from Ohio would favor a flat pension for everyone, or would he favor a graduated pension?

Mr. TAFT. I favor universal pensions, but the question of whether the pension should be flat or graduated should be studied by the committee which is proposed to be established under our proposal and which, as I understand, has already been approved by the Finance Committee and will be considered by the Senate at about the same time we vote on the bill itself.

Mr. SMITH of New Jersey. I am glad to have the Senator refer to a committee for studying the question.

Mr. TAFT. The Senator asked about a universal pension system. A flat pension system is in force in England today, but the conditions in England are much more favorable than they are in sections of the United States. I personally, at the moment, should be inclined to favor a flat minimum and then have an increased benefit as people have paid taxes during their life or as they have earned money during the 10 years prior to the time they retired. Under that rule there would be some relation to the amount paid in. I think some relation should be recognizable. But it cannot be based on the amount paid in. Take the case of a man with an average wage of $50 a month. He pays in a tax matched by his employer. The total tax paid in is $60 by each, or $120 over a 10-year period. Under the pending bill he would receive retirement pay of $22 a month instead of $20. If he has a wife who is over 65 years of age, he would get $33 a month. On the other hand, a man earning $200 a month pays in $1200 a year as much as does the man earning $50 a month. He retires on only $27.50 a month, instead of $22.50 a month which the other fellow gets. There is practically no relation between what he has paid in and what he gets.

Under the new bill, the same thing is roughly true. A man with $100 average monthly wage would pay $432 and would receive $50 a month on retirement. On the other hand, a man with $200 monthly average wage would pay, or have paid for him, twice as much, or $864, but his benefit would be only $65 a month. For the same reason the man who has paid in $1500 a year would get $75 a month for half the money paid in by the single man under the proposed bill.

What I want to point out is that this bill England has gone far toward recognizing the principle of paying to those over 65 years of age a pension, with little relation to what they paid in during their life. In other words, it is no longer insurance. It is something called social insurance. It is not insurance, and, at least up to date, this system has not been very social either, because it has covered only a very small portion of the total number of people who are 65 years of age.
Mr. SMITH of New Jersey. I am speaking only of total disability, in the case of a man who is unable to earn a living.

Mr. TAFT. Why take permanent disability? Why not medical services? Why not the whole gamut? People are using the phrase "social insurance" to cover everything. Social insurance is used as a means of saying that we are going to levy a Federal tax to pay Federal benefits to people for particular things. That is not a Federal field fundamentally. We have accepted the principle in old-age pensions for people over 65. We have not accepted it in general relief, in hardship cases, or in hundreds of other instances which may require action by State and local authorities.

As I see it, the general problem of taking care of the unfortunate is primarily one for the States, and ought to be administered by them. We ought not to have a national system. In the case of old-age pensions, the people have thought that it should be a national program, and they have made it a national program. At the moment we use the insurance idea as an excuse to cover other benefits, we shall have the Federal Government take over the entire welfare activities of the United States. It shall be doing the whole thing in Washington, and we shall be administering it from here. It would cost us about three times as much as it would if we left it with the States and assisted them in these instances.

I am willing to consider the general problem of how far the Federal Government should help the States in the matter of permanent disability as a matter of State aid. However, permanent disability is a very minor factor. In total money, it is very small, and it is well within the financial capacity of the States. That is no particular reason, on the basis of necessity, why the Federal Government should be invited in.

The point I have been trying to make is that this bill does not provide insurance at all. But the point should be recognized that what we are doing is simply debating an old-age pension policy and not any general theory of social insurance, the better off we will be.

I regard that we are calling this a social insurance bill. The fact is that the changes that have been made show it is not insurance. Take one thing, for example. Take the fact that we are doubling these payments. If the payee pays in anything $70 a month, or at least $65 a month, he shall be doing the whole thing in Washington, and we shall be administering it from here. It would cost us about three times as much as it would if we left it with the States and assisted them in these instances.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. I am sure the Senator from New Jersey, who has received many communications from people who complain that while they contribute to the cost of the social-security program in the form of increased prices for social services and goods, they are not able to get any of the protection which is afforded by such a program. I further understand that many people have not been covered—and in this connection I mention part-time farmers—simply because the committee has not been able to work out any administrative procedure for covering this large group of people. Did the Senator state whether in his opinion a universal program of pensions on a pay-as-you-go basis would afford equitable protection to all these people, whereas at present under the actuarial insurance program no way has been found to extend this protection?

Mr. TAFT. Yes. A universal system would extend to all. It would cover a man who is unable to earn a living as a permanent farm worker. In this bill we have not included farmers, because it was not at all clear that they wanted to be included, and we did not include them for this reason. We felt that if we were sure they would be included if they could be included, it seemed to us to be very difficult to work out a system with respect to them. We felt it better by piece. We included about 800,000 permanent farm workers, covering men who work substantially for the same farmer the year round. In those cases I think we would keep 20 per cent of the farmers. Those farmers would have to make returns and pay taxes for their permanent employees.

That seemed to us to be practical. Of course, those are the same farmers who keep proper books. If it represents the top 20 percent of the farmers, it seemed to us to be a practical thing to do. Those farmers would keep proper books, just as the storekeeper would keep books for commerce, for the person in his employ. Various plans were proposed for stamp books, for example, which migratory workers would be expected to carry around with them, but it was questioned whether any of them would keep those books permanently.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. The fact that farmers have not come forward in large numbers to ask to be covered under social-security programs does not indicate that they do not feel they are entitled to protection on an equitable basis with other groups of people. It simply means that they themselves cannot see how such a program could be worked out, and I am of the opinion that if a universal program which appears administratively workable could be developed, then we will find the farmers in much larger numbers coming forward and saying, "This looks to us as if it would work. We would like to go under it." I do not want to urge a program which appears administratively impossible, so far as they are concerned.

Mr. TAFT. I think they are right in saying that the payroll tax, while it seems to fall on the employer and employee, really is pretty generally covered into the cost of production. The wages are calculated on a take-home-pay basis. Of course, what the employer pays for himself is included in the cost of production for everybody in the industry, but it adds to the cost, and the consumer pays it.

I believe the National Grange and the Farm Bureau Federation, which were originally opposed to the inclusion of the farmers, favor it today, largely because they think that the farmer, on the basis of prices paid, is helping to pay for the benefits, and is not getting back the benefits. I think that is a legitimate complaint. But it would be taken care of in such a universal system as I am suggesting, and toward which we are moving. We are not there yet, but the pending bill moves in that direction.

Mr. AIKEN. The farmers are fully aware of the unfairness of the present program, whereby they pay their share of the tax, but receive less than a third of the people. There is no inclination on their part, so far as I can see, to deprive of the benefits those who are now getting social-security benefits, but I believe, and I think I can say from first-hand knowledge, that they would be very much in favor of a program which covered all people equitably, and in which all people shared the expenses equally.

Mr. TAFT. That may be, although we now find that there has not been a great deal of discussion among farmers. We received some letters from farmers for, and against the farm-grain growers. The organizations which appeared before the committee favored the program, but they had opposed it in the past, and they...
have not been what we might call pressing it very hard.

Of course, when we take 7,000,000 farmers and they all have to pay 2% percent tax on their incomes, and not get any benefits, on an average, for about 25 or 30 years, we might find opposition among them to the 2% percent tax, which would have to be imposed on them if they were included. So I am not certain that they want it. Whether they do or not I do not know.

Mr. AIKENS. Let me suggest that it is the bookkeeping rather than the tax which makes some of them reluctant to approve the present program.

Mr. TAPERT. I think they are correct about that. So in covering only the permanent farm laborers, we have included those working for only 20 percent of the farmers, those who are best off, and probably can live, with their reduced.

Mr. President, as I have said, I regret that this is called an insurance program. I think the bill moves toward the universal pension system without getting to it. I do not think it will be expensive, because I do not think it should be taken as a precedent for the extension of insurance to all the other services.

I have here the British plan, and while I am not quite sure just what is in effect today, roughly speaking, they have social insurance now for unemployment benefits, including training and rehabilitation.

They have industrial disability benefits and pensions, similar to the workman’s compensation program which we have in Ohio.

They have retirement pensions, old-age pensions.

They have marriage grants and guardians’ benefits, which are somewhat similar to the survivors’ part of our program.

They have a maternity grant and benefit provision. When a woman has a baby, she is insured against the cost of having the baby.

Then there is a marriage grant. I do not know exactly what that is, but it may be that it is the cost of having the baby.

Then there is a marriage grant. I do not know what it is, but apparently it is to pay for the marriage license, or it may be that it is to pay for the honeymoon.

I am not certain which. I do not believe it is insurance against the perils of marriage.

Then there is a funeral benefit, to bury one when he dies.

In addition to that, they have national assistance similar to our old-age assistance.

Then they have children’s allowances, so that every woman who has a dependent child receives a benefit, except, I think, perhaps, the man who is working does not get any benefit for the first child, but he gets money to help him support additional children.

Then I believe, therefore, that we should pass the bill as a step in the right direction. I voted for every increase in coverage, I think, because I contend that the increase in that base is not actually going to give anyone any greater benefits than he receives today, except to the extent perhaps that he pays a much larger tax to receive it.

Mr. President, I feel that we have in this bill fulfilled our obligations, carried out the policy of the Republican Party, and, I think, carried out also the policy of the Democratic Party. In this bill I think we are moving in the right direction.

I believe we should insist upon a commission to study the whole problem of a universal pension. I think it can be worked out. I think it can be worked out with very little additional expenditure by the Federal Government over what is being paid today. I think it can be worked out so as to relieve the Federal Government of the $900,000,000 a year which today we are paying to the States to make the old-age pension payments.

I am only guessing, but I should think that, whereas in 1952 the present program would cost us $3,200,000,000, for somewhere between $4,000,000,000 and $5,000,000,000 a year, the plan can provide a universal old-age pension.

I believe, therefore, that we should pass the bill as a step in the right direction.
The proposed unanimous-consent agreement was read by the legislative clerk, as follows:

Ordered, That on the calendar day of Tuesday, June 20, 1950, at the hour of 4 o'clock p.m., in connection with the consideration of the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivor's Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, the Senate proceed to vote upon a resolution (S. Res. ) sanctioned by the Senate Committee on Finance, and to authorize, direct, and empower the Committee, or any duly authorized subcommittee thereof, to continue the study and investigation of social security problems in the United States on general and specific subjects to be described in said resolution, with authorization for employment of such technical, clerical, and other assistance as said committee deems advisable, with authority by the Committee on Finance.

The PRESIDING OFFICER. Is there objection?

Mr. CAIN. Mr. President, reserving the right to object, may I address a question to the senior Senator from Georgia?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Washington for a question?

Mr. GEORGE. I yield.

The PRESIDING OFFICER. Will the resolution, referred to in the proposed agreement, when it becomes the pending business before the Senate, be subject to amendment?

Mr. GEORGE. It will be, under the unanimous-consent agreement.

Mr. CAIN. I thank the Senator.

The PRESIDING OFFICER. Without objection, the proposed agreement will be modified accordingly. Is there objection to the unanimous consent agreement, as modified, is as follows:

Ordered, That on the calendar day of Tuesday, June 20, 1950, at the hour of 4 o'clock p.m., in connection with the consideration of the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivor's Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, the Senate proceed to vote upon a resolution (S. Res. ) sanctioned by the Senate Committee on Finance, and to authorize, direct, and empower the Committee, or any duly authorized subcommittee thereof, to continue the study and investigation of social security problems in the United States on general and specific subjects to be described in said resolution, with authorization for employment of such technical, clerical, and other assistance as said committee deems advisable, with authority by the Committee on Finance.

The PRESIDING OFFICER. Is there objection?
Mr. ROBERTSON. Mr. President, we have before us today a bill consisting of 391 pages. It deals with one of the most complicated and intricate subjects that any legislative body ever attempted to handle.

During my 10 years of service on the Ways and Means Committee of the House of Representatives, the most arduous duty I discharged was in an effort to improve the original Social Security Act, which was passed, as I recall, in 1935.

The fiscal basis of the original Social Security Act was, first, that we would set up a self-supporting, self-liquidating insurance fund; and, second, that we would create a trust fund of approximately $50,000,000,000, with which to meet death benefits and retirement claims, which would accumulate through the years, and finally would reach a very large amount.

However, that plan was criticized—and, I think, properly so—from the standpoint that the payroll taxes imposed, one-half of the amount to be paid by the employer and one-half to be paid by the employee, to finance this insurance system would be spent by the Government as received, and the Government would then put in the trust fund what some persons called the Government's IOU. Of course, it was a little bit more than what is ordinarily called an IOU, because it was an official Government bond; but the fact remained that when the demand for payments exceeded the current income and the Government was forced to resort to this trust fund for payment, new taxes would have to be imposed to get the money, unless the Government was running at a surplus at that time and could afford to sell some of its bonds on the open market, in order to obtain money.

In 1937, as I recall, months of hearings were held on this problem. We had the benefit of so-called experts in social security and we had the benefit of so-called mortuary experts and pension experts. However, Mr. President, I soon became convinced that if there was any man on any committee who really knew how to frame a system of this kind and at the same time to properly and adequately evaluate the political considerations which grew out of the various proposals for coverage and in regard to how the collections could be made, that man could get a job at any time he wanted at a salary of $50,000 or $75,000 or $100,000 a year, with any one of the big insurance companies. On our committee we simply did not have such experts. In fact, I doubt that there is any living man who could take the pages of a bill which, as I have said, deals with this very difficult subject, and could analyze them and could tell exactly what is in the bill and how it will work out 10, 15, or 30 years from now.

As a matter of fact, Mr. President, the best experts we had before us claimed that they wanted at least a 25-percent margin of error in all of their computations. They said that was about as close as they could gage earning power on which the tax would be levied; increases or decreases in employment; the opportunity for men to remain employed up to a given age; and the inherent difficulties of collections—if, for instance, the program was extended to cover those who keep no regular books, such as domestics, and who perhaps would be given a book in which they would paste stamps; and the difficulty of bringing farmers under the system, inasmuch as farmers ordinarily compile their records by hand, to say nothing of the fact that only a few years ago the average income of the average farmer in the United States was only $600. To require him to provide detailed records, as far as we know, for either his regular or his temporary employees would present a problem which we did not know how to solve.

In the preparation of House bill 6000, the House committee spent weeks on the hearings, and still further weeks in executive sessions. Then the House passed the bill and sent it to the Senate. That happened last October.

Off and on, for most of the present session, the Senate Finance Committee, composed of some of the very ablest Members of the Senate, have been at work on this bill.

Frankly, Mr. President, it would be presumptuous for me, without having attended all those hearings; without having had an opportunity to read the voluminous record compiled by the committee—it would take weeks and weeks to read it; without attending any of the executive sessions where the conflicting viewpoints and views and matters were debated and as far as they dared to go in this bill, and then they propose that before we go any further, the best possible study be made of what is contained in the Senate version of House bill 6000.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. SCHOEPPEL. Is not that a very good reason why the suggestion by Members of the Senate that additional studies be made by the Senate on this subject, is in order?

Mr. ROBERTSON. Undoubtedly. Yet after 2 years of study, we are expected to do something on this subject now. However, it was my understanding—first it was the opinion of the distinguished members of the Senate Finance Committee that they have gone as far as they dare to go in this bill, and then they propose that before we go any further, the best possible study be made of what is involved.

Mr. SCHOEPPEL. Mr. President, will the Senator yield further?

Mr. ROBERTSON. I yield.

Mr. SCHOEPPEL. What I particularly had in mind was that some of the areas of coverage which are lacking in this measure, should be the object of additional studies on the part of the proper committees and on the part of the Senate itself. Does the Senator agree that that is about the only practical way we can approach this matter on a businesslike basis?

Mr. ROBERTSON. I wholeheartedly agree. It would be unfair to ourselves and perhaps very harmful to the Nation we are trying to serve if we were...
to move blindly into so technical a subject, however much we should like to see a complete coverage of social security for the entire nation, I would like to add my distinguished Senator from Kansas that the coverage which is not provided by the Senate version of House bill 6000 should be studied, with an indication given to those who are not covered that all appropriate suggestions concerning their future coverage will be fully considered by the Congress.

However, Mr. President, it is my understanding that the coverage in the Senate version of House bill 6000 is substantially larger than that of the House version of the bill. My distinguished colleague, the senior Senator from Virginia (Mr. Byrd), helped to frame the bill, and he is now on the floor of the Senate. If I am in error on that point—I let me repeat that I have not had an opportunity to fully analyze this bill—I should be glad to have it corrected.

Mr. BYRD. The Senator is correct; the coverage has been substantially changed.

Mr. ROBERTSON. Mr. President, my distinguished predecessor, the late Carter Glass, used to tell me that Walter George, of Georgia, was one of the noblest men he ever knew, and one of the ablest men with whom he had served throughout a very long career, for the Senate of Virginia, then in the Senate. In the multitude of duties which are pressed upon every Member of the Senate, it becomes a matter of physical impossibility for him to be fully informed and well advised about every bill which comes before the Senate. I happen to be sitting on the Banking and Currency Committee, which has, at this session, reported more bills, excepting private bills which go on the Senate Calendar, than any other committee of the Congress. We have had more hearings on bills, so our clerk tells me, than almost any other committee of the Congress. It is the function of the Finance Committee, which has had before it these two very highly technical and controversial matters, the social security bill and certain matters relating to taxation. And yet we are also urged upon the Finance Committee by members of the Appropriations Committee. And so I say, Mr. President, that every Senator in certain phases of his legislative work must to some extent rely upon the demonstrated ability and the demonstrated correctness of those who bring legislation to the floor of the Senate for the consideration of their colleagues. I am happy therefore whenever a man of the stature of Walter George, or the distinguished Senator from Virginia, brings a bill before us and tells us that under all the circumstances it is about as good as he was able to do.

It is also a source of gratification to me when the senior Senator from Virginia puts his name to a bill and asks favorable consideration by his colleagues, because I have been associated with him in a very close way from the time we were both in the Senate of Virginia, commencing January 1916. I know, as his other colleagues in the Senate have so well learned to know, his business judgment and the care with which he scrutinizes all proposals which may result in a tax burden upon the American people.

Last night I was discussing the Senate bill with one of the House of the House who had been very active in the preparation of the House version of the pending measure. He told me, and possibly it was quite natural for him to think so, that he thought the House bill was better than the Senate committee bill. I said, "Why do you say that?" He replied, "In the first place, the Senate committee bill increases the benefits to be paid, and decreases the tax obligation on both the employer and employee." I had no opportunity since last night to check the provisions of the House bill against those of the Senate committee bill, and so I merely give as my authority one member of the House committee who assigned that as one reason for his believing that the House bill was a sounder bill than the Senate committee bill.

Back in 1937, all proponents of social security and all the experts who testified before us said that our objective was to be a self-supporting insurance plan. At every hearing we had from then until I left the committee to come to the Senate, we were being told that when we finally passed the law, we were dealing with a 3-percent program. That was on the basis of the old benefits. What did they mean by that? They meant a program under which we would tax both employer and employee to contribute 3 percent to the fund during the working period of the employee, if we were to have a self-supporting social security program, one that could pay off the promised benefits. That is almost impossible, Mr. President, for any industrial worker past the age of 50 years to enter a new firm; and the requirement of retirement at 65 years of age is becoming almost universal in the large industrial areas of our Nation. While this machine age, which weds the nimbleness of a man's fingers to an electrically operated machine and requires a maintenance of brain power and experience, is gradually eliminating gainful employment, our doctors, thanks to a remarkable advance in medical science, are adding approximately 5 years to the life span of the average man. As a result, we find the number of those persons above 60 years of age increasing at a far more rapid rate than we anticipated 10, 15, or 20 years ago, and we find a growing sentiment among children that it is the duty of children to support their parents in old age. There never has been a time in this Nation, so far as I know, Mr. President, when the average man, to say nothing of that large segment of workers receiving below the average income, could save enough during his active working years to provide comfortable and adequate income in his sunset years. They did try to buy a little home, and they usually could do it if they would work and save. They sometimes carried a little insurance, but generally it was for the protection of the widow; it was not for their lifetime. They usually raised large families and trained the children to think that one of their duties in mature life was to return to the parents the care and love expended on them in the childhood and early self-supporting age. Unfortunately, that sentiment in this Nation is changing, and it is not a change for the best. It is doing something to our families; it is tending to break the ties which in the past have held families together.

Mr. President, this morning I received a letter from a friend touching on this
subject, which I want to read to the Senate, because I think it is a thought-provoking letter. It reads as follows:

DEAR SENATE PRESIDENT: Upon my recent return from a brief sojourn on my farm near Charlottesville, I found the copy of your speech on the Preservation of Private Enterprise, which I felt was in such a kind to send to you. I have read it with genuine interest and I think it is excellent. The kind of thinking and common sense it seems to portray is one which represents the type of philosophy upon which this Nation has grown great. The trend away from the sound doctrine enunciated by you, however, is something about which I think, there is a woeful lack of due concern throughout the Nation. Our people (maybe it is true of all people), are dangerously inclined toward complacency until they are personally pinched.

I suspect Captain Kincaid had passed on to you the speech recently delivered by the vice president of Marshall Field Co. in Chicago. His views, similar I believe to yours, had, I thought, been set forth quite well.

In a speech recently delivered somewhere, perhaps before the board of directors, by Benjamin Fairless, president of the United States Steel Corp., I noted an enumeration of views similar to yours, bearing upon the importance, indeed the vital essence of private, enterprise. Our way of life is to endure. I think if you have not already seen a copy of the Fairless speech entitled "Men Search for Security," you would be interested in noting some of his comments which I will quote verbatim as follows:

"I believe, and I think you do too, that all ambition is of a dignity and self-reliance, is, in the exercise of one's own efforts. Moral stature is increased and moral fiber is strengthened by each job done with the free play of one's own effort and planning. It is the striving for a personal self-sufficiency which I admire in Hillman's work, and, by being free from dependence on outside help or support,.I think this is the product of each individual's work, unless men of vision and courage and enthusiasm for, that type of program, is a sort of death. Security is not a thing about it. Someone has observed that the social security as it is being dished up to us today, is a sort of death. Security is not a political gain and an individual loss, but a socially promised social gain. It is then a political hillman and an individual loss. Security is not security that it preserves really itself. Security cannot be promised, bestowed, or endowed. It is the product of an individual's work, saving, planning, thinking, and holding. Security is not security when it is only a politically promised social gain. It is then a political hillman and an individual loss."

I shall not include the name of the writer of that letter, because I am using it today without having had an opportunity to get his consent to use it. Therefore I am not at liberty to disclose his name. I am sure that he would have no objection to the statement about what now confronts us to illustrate my point that while a machine must not be benefited from freight absorption. We do not have any great drug manufacturing concerns in Virginia. We buy from a firm in Baltimore or from its branch office in Norfolk. There is a big firm from which we purchase, located near the border between Virginia and Tennessee. It is in Bristol. I do not know whether it is Bristol, Va., or Bristol, Tenn. However, it is in the far corner of Virginia. Yet every druggist in Virginia can get a proprietary remedy at the same price anywhere in the State, because the manufacturer absorbs the freight on it, and it is sold at the same price under the Robinson-Patman Act. Suppose there was some small drug manufacturing company which was selling all over the State, I would not object to the matter of freight absorption if the President vetoes S. 1008, nor could he build a series of new plants.

I hope the President does not veto that bill. The President's statement in the conference report, prepared by the Attorney General and included in the conference report, is an adequate safeguard against anti-trust-law violations.

I ask a very distinguished representative of our Government how S. 1008 was going to come out.

He said, "The best I can tell, it is 50-50."

I said, "Do you mean that the President is just as apt to veto that bill as to sign it?"

"Well," he said, "he has some mighty strong friends urging him to sign it, and some equally strong friends urging him not to sign it."

He cannot be quite like the candidate who was running for Congress. He was young and inexperienced, and one of his political advisers said, "Now, Bill, you are going out to sell yourself to the people. You're going to make some speeches to the people. There is one thing you must not do. You must not say anything about that squirrel law."

Bill said, "I will not."
He got through his speeches fine until he got to the last night, when he made a powerful speech, because he saw victory in his grasp. Then he went to town. Just before he sat down, one old farmer in the hall said, "Bill, you haven't said anything about that squirrel law."

Bill said, "My friend, I'm awfully glad you raised that question. I have some mighty good friends in favor of the squirrel law, and I have some mighty good friends who are opposed to the squirrel law, and I want to tell you I'm going to stick by my friends." [Laughter.]

I express the earnest hope—although it would not have any immediate effect on Mr. H. 6000—that the President will not veto the basing-point bill, because jobs are more important than pensions. Jobs come before pensions, unless we are going to knock the bung out of the Treasury and distribute the benefits of the accumulated wealth of past generations. One of the things that will stimulate business and help to make jobs is the removal of the present uncertainty as to what is going to happen, and how he cannot do and remain in business and stay out of jail.

LABOR MONOPOLY

Mr. President, there is another bill pending in the Senate. I do not expect to get any action on it this year, but I do wish to mention it so that it may be before the Senate at a future time. The bill I introduced last January to prohibit labor monopoly shall not exercise that monopoly to unreasonably restrain production or to fix prices of goods or services that are of national interest and concern.

Consider the situation which confronts the coal industry. It was a consideration of that situation that got me into the study of labor monopoly, the 3-day week, the 2-day week, the 1-day week, the no-day week. The study of labor monopoly, the 3-day week, the 2-day week, the 1-day week.

The price of coal is now so high that our distinguished colleagues from West Virginia and other coal-producing States are coming to us with tears in their eyes, asking us to put what would amount to a prohibitive tariff on the importation of foreign fuel oil, in order that coal from Virginia, West Virginia, and Pennsylvania may not lose its historic market in New England. That market is being lost today, and what is the effect? It means fewer and fewer to work and pay payroll taxes for the benefit of those who are willing to save and invest their funds in plants and equipment which would afford others the opportunity of working.

It is said that it now takes an average of 10 years to gain just one man a job in a plant. The time has passed when the blacksmith could go out under the spreading chestnut tree, with an anvil and a bellows and a big hammer, and hammer out his horseshoes by the sweat of his brow. He could do that in the old days. He could stay out under any old chestnut tree where there was fresh air and romance. When I was a boy there was nothing I enjoyed more than to see the great muscles of the blacksmith and to smell the odor of the burning horse hoof. I was a farm boy, and loved everything about horses. But the blacksmith could make only goodoutside and the blacksmith could make only good outside.

We have also to consider whether we are going to continue the boast that with 7 percent of the population of the world we produce 50 percent of the world's wealth. We have to consider the plans under the ‘700 Act’ employees, from the lowest to the highest—

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I will leave that subject now. The Senator from Illinois got me a little bit off the subject.

I want to go back to my statement that I do not condone the selfishness of those corporations who combined and squeezed the last dollar out of the consumer. But that is no excuse for condoning labor leaders now who are exercising more power than the corporations ever tried to exercise in their control of certain basic industries. It is all tied up with the social security program, because there is your job. I definitely believe that if we can economize in spending, if we can reduce the tax on corporations, if we can ease upon that super-duper tax in the higher brackets where we tax first the earning that a man's money has made in the corporation, and when it comes to him as a dividend less 38 percent, we hook him again for a top of more than 80 percent. If we can ease that sum, if we will encourage those men to use their savings for plant expansion, to give more jobs, that is just as important as a plan to pension workers. If we do not have workers to tax as we go along, we have no funds to pay those who have already retired or will shortly retire, except out of the public.

Mr. President, I hope my distinguished colleagues will forgive me for attempting to discuss a bill concerning which I know so little. But I explained at the outset that I do not believe there is any Member of the Senate or the House who can sit down and tell us everything that is in the bill, and I know there is not one who can tell us how the provisions of the bill are going to be working 10 years from now. There are provisions in the bill which we take on faith. There are things we have to go along with because the general program is what we approve, even though we do not know all the details.

I conclude as I began; I rejoice that two so outstanding friends and colleagues as the senior Senator from Georgia [Mr. George] and the senior Senator from Virginia [Mr. Byrd] have brought this bill to us with their endorsement, which makes it much easier for me to accept it without the kind of knowledge I like to have and try to have when I am voting on a program that will ultimately run into billions of dollars.

Mr. GEORGE. Mr. President, I am not prepared to offer amendments now, but I give notice that I shall offer an amendment which I hope the Finance Committee will approve, making the effective date of the appropriation for the children's fund carried in the bill, the date of the enactment of the act itself, so that advance planning may be quite possible both for the agency and for the States.

I also give notice that I shall, for myself, offer an amendment to bring under coverage traveling salesmen who work for one employer principally, and who takes orders for delivery by the manufacturer or the wholesaler. This amendment I hope to be able to present tomorrow for printing.
Mr. GEORGE. Mr. President, I send forward to the desk two amendments intended to be proposed by me to the House bill 6000, and ask that they be printed and lie on the table, to be subsequently offered.

The PRESIDING OFFICER (Mr. MARTIN in the chair). The amendments will be received, printed, and lie on the table.

Mr. SCHOEPPEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant journal clerk called the roll, and the following Senators answered to their names:

Aiken Hendrickson Martin
Benton Hickenlooper Maybank
Brewster Hill Mullikin
Bricker Holland Mundt
Bridges Humphrey Myers
Butler Hunt Neely
Byrd O'Mahoney
Cain Johnson, Colo. Robertson
Capheart Kefauver Russell
Chace Kerr Saltonstall
Conally Kilgore Schoeppel
Cordon Smith, Maine
Donnell Smith, N. J.
Dworshak Smith, Utah
Eastland Smith, Maine
Eaton Lodge Taft
Elender Lucas Thomas, Utah
Flanders McCarran Thye
Fulbright McCarthy Tobey
George McClellan Tydings
Gillette McFarland Watkins
Green McKellar Wherry
Gurney McMahon Withers
Hayden Malone Young

The PRESIDING OFFICER. A quorum is present.

Mr. CAIN. Mr. President, after 2 days of debate on H. R. 6000, as amended by the Senate Committee on Finance, a good many things are now clear and understandable.

It has been agreed that the Senate will vote on H. R. 6000 as proposed to be amended, and on other amendments to be offered on Tuesday of next week, June 20. The Senate is anxious to rapidly dispose of H. R. 6000 in this session of the Congress, and has agreed to do so.

H. R. 6000 as amended will, to my mind, pass overwhelmingly when the roll is called next Tuesday.

Members of the Finance Committee, and other Senators who are the first to urge rapid passage, are first among those to admit that our social security system, with which H. R. 6000 deals, is possessed of basic weaknesses and faults and inequities which will continue to plague and jeopardize and harass the Nation for as long as our prevailing social security system is continued.

In recognition of the gigantic and dangerous faults contained in the present social security system, the committee will urge the Senate to approve a resolution which would authorize the Finance Committee to reanalyze and study the present system and every other possible system, and make recommendations for the future. One takes for granted that this proposed resolution, though it may be amended, will pass without a dissenting vote, because probably every Member of the United States Senate, if he has studied the question at all, is completely convinced that our present social security system must in time be replaced with

SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.
some other security system which will actually provide, as the present system does not, for the security of our American aged population, present and future, and do so out of the earnings of our Nation's working force on a year to year basis.

H. R. 6000 will substantially increase the dollar benefits to those who are presently and will be beneficiaries of the system. The proposed increased increment in dollar benefits is nothing less than a recognition by the Congress that the Nation has cut the purchasing power of the American dollar just about in half since the social-security system was established in 1935, 15 short years ago. It ought therefore to stand to reason and publicly be stated by every Senator that there is no human way of determining social-security benefits. Dollar needs for the future until some way can be found to stabilize the purchasing power of our American currency.

Mr. Penta, speaking now from Washington, believes that each of the statements he has just made are completely true, and point out the situation which confronts the Senate, the House, and the Nation.

But the sake of argument and in an effort to inform the American people of the quacks and fallacies and betrayed hopes which constitute the foundation on which our social-security system was first established in 1935, the Senator from Washington will now assume that H. R. 6000, as amended, is not to pass. He wants to make a reasonable contribution to the Finance Committee study which is intended for the future, and this he can only do by constructively and vigorously attacking the prevailing social-security system and the proposals which are now before the Senate.

On May 24 the Senator from Washington spoke of the social-security question, which was not then before the Senate, and submitted a concurrent resolution for the appointment of a commission of completely independent authority, to undertake full time, divorced from all influence of the Social Security Administration, complete responsibility for the present social-security system and an investigation of other possible systems. In his statement the Senator from Washington paid his respects to the sincerity, integrity, and ability of the members of the Finance Committee. He stated that he thought the committee had done its level best with a completely impossible situation, which is now to return his respect for the committee. He has no personal interest in the resolution which he offered. He wants only to think that competent individuals within the Senate, or a group of qualified persons, will undertake the social-security examination to which his resolution was addressed. It little matters who does the work. The only thing that matters is that the work must and should be done.

The Senator from Washington will attempt this afternoon, in language which all Americans can understand, to prove that the present social-security system is a nightmare of madness and will continue to plague the Nation, including its beneficiaries, until the system is scrapped and replaced by a security system which will provide a reasonable amount of security for all our American aged and disabled, at a cost which the productive capacity of America can afford to bear. But before doing this the Senator from Washington wishes to offer comments which he hopes to be made by several other Senators since H. R. 6000 became the pending business before the Senate on Tuesday this week.

On Wednesday of this week the chairman of the Finance Committee, the senior Senator from Georgia, said:

"The committee is not unconcerned with the eventual liability which this revision of the social-security program will place upon the Government and upon employers and employees alike, but we have proceeded with faith in America to meet the problem. There has not been sufficient time to arrive at definite conclusions on how the present aged who are not a part of the labor force should be actually helped. In urging the adoption of this bill, your committee is mindful of the fact that it does not do to whole job."

Your committee has recommended therefore, that further study be given to this and other problems not resolved by the bill so that within the next year or two a sound social-security system, which affords equitable protection for all citizens of the United States, can be put into full operation.

I think it was on Wednesday, which was yesterday, that the ranking minority member of the Senate Finance Committee, the Senator from Colorado [Mr. MILLIKIN] said:

"Because H. R. 6000 is an improvement over what we have now, I give it my support. But personally, I feel that the present system, improved as it is by H. R. 6000, cannot be considered as other than one in transition. As I see it, there will have to be wider coverage, leading perhaps to universal coverage."

"We will have to come, as I see it, to a truly pay-as-we-go system. There are many forces operating in these directions.

"The method of raising money for general expenditures (social security collections being spent and bonds placed in lieu thereof) tempts extravagance. It argues for a pay-as-you-go system."

"In my opinion we are coming to a pay-as-you-go system."

"In my opinion that preferential treatment of the nature I have described will eventually have to come to Congress every year to keep old-age pensions to people who are old, simply because they are old and not because they paid money into the fund."

He also said:

"However, as I see it, the bill destroys the whole theory of insurance. It recognizes an obligation because we believe that we still use the name "insurance" when as a matter of fact there is no insurance about it."

"That is the pronouncement which the Senator from Ohio made yesterday, regarding this vitally important American question which is being considered by all of us at this time."

On yesterday the senior Senator from Nebraska [Mr. BUTLER] stated:

"One reason I am opposing this bill is because it does not provide security for our elderly citizens."

"The bill simply patches up a system that is working badly."

"I want a system and a benefit that we can honestly pay for as we go, closing out each year's accounts when the year is over and beginning again when the new year starts."

Mr. President, the Senators from whose remarks I have quoted are all distinguished members of this Committee. They are able and conscientious men. They are urging improvements and changes in a system which they state must be changed if our real intention is to provide real security for the aged of America.

Mr. President, perhaps the commonest word applied to the social security bill is the word "complicated." A truer word was never spoken. Here we have a piece of legislation which is primarily supposed to help old people. Yet when we come to examine the legislation we find it so complicated that it is hard to find any one, old or young, who can understand it.
I can say that if anyone proposes to push his way through the accumulated materials on this bill, he has his work cut out for him.

I hold my hand, merely by picking it up, a copy of the Senate bill. It weighs 3½ pounds. The hearings on H. R. 6000 before the Senate Finance Committee weigh 4½ pounds. If we include the House hearings alone, which number 8, adding the House bill, along with the Senate hearings and Senate bill, we have 12½ pounds of material.

At a conservative estimate, leaning over backward almost far enough to break the spine, I estimate that all this material runs to well over 2,838,444 words.

The Senate bill alone runs beyond the length of a standard mystery novel, and any Senator who is interested in solving puzzles now has something very choice before him in the shape of this bill. It surpasses any mystery novel that I have ever seen in the number of blind alleys, false clues, traps, and pitfalls planted along the way.

Mr. KERR. Mr. President, will the Senator yield?

Mr. CAIN. Certainly.

Mr. KERR. Would the Senator say that the traps and pitfalls were there other than on the basis of having been planted by the committee, or did the Senator from Oklahoma rightly understand the Senator from Washington to say that they had been planted?

Mr. CAIN. The Senator from Washington does not believe that a single one of the traps or pitfalls were to be found in this bill was planted intentionally within the proposed bill by any member of the Committee on Finance.

Mr. KERR. I thank the Senator.

Mr. CAIN. It seems to me to be obvious that pitfalls abound within the bill.

Mr. KERR. I understood the Senator to say that—

Mr. CAIN. Not because of any premeditated desire to plant them by the group of special minds who make up the Committee on Finance.

Yet, complicated though it is, we must try to understand it, for it is, as I truly believe, one of the unjust pieces of legislation we have ever had to deal with. I propose to discuss, in some detail, the Finance Committee report on H. R. 6000. But before I do this I want to say something about the existing social-security system.

What we now have, in dealing with old people in this country, is a system divided into two branches or stems: Old-age and survivors insurance, and old-age assistance.

These two operations are yoked together in a very strange way that is almost organic. They are Siamese twins and the rule which they play in our economy is one of a most twisted and grotesque character.

On the one hand is old-age and survivors insurance. One of the first things we discover is that OASI is not interested in old people at all. It is interested solely in what the administrators call categories of employment.

I know many old people, but I have never met a category of employment. Yet categories of employment are the OASI's main stock in trade.

The essence of the system is a deferred-benefit plan. Because its rosiest promises are always away off in the future, OASI, in its present stage, is a slight burden since the demands upon it are great.

But as efforts are made to expand the system and bring additional groups under coverage, and as benefits are arbitrarily increased out of current social-security revenues, so the ultimate demands upon the system are made greater.

It seems clear that in all probability these ultimate demands can never be met save with tax-increased social-security taxes or with some form of ever more cheapened and inflated dollars.

Incorporated in this OASI part of the system are numerous puzzles and hybrid philosophies.

For example, the contention is made that the benefit must vary according to the wage that was earned. The greater the wage, supposedly, the greater the benefit. This is the so-called incentive theory: the system. He who earns more deserves to get more money. This incentive is supposed to operate according to some iron law of insurance, firmly based on a formula and a wage record. This is supposed to represent an equity.

But this incentive is fraudulent as far as one is concerned, for many beneficiaries pay, along with their employers, only a small fraction of what they get from the system.

At this point, the mechanics who have pieced this system together—and it has taken a long time to do it—are unwilling to stay put with their phony incentive, iron-law theory.

This policy, which the incentive man is supposed to have, by virtue of his taxes paid, is at once violated by another theory, the theory of "adequacy."

All "adequacy" means is that if the Social Security Administration stuck to their false contributory system, the lowest-paid workers would receive only a miserable pittance.

This would never do, they feel, so a portion of the incentive formula is thrown into the trash can and the calculations are arbitrarily changed once more, so that the lowest benefits are raised from a miserable pittance to just a semimiserable pittance.

In this way phony equity and phony adequacy get cozy with one another.

Leonard J. Calhoun, who from 1936 to 1943 was assistant general counsel to the Social Security Board, describes the system this way:

"For a large number of people the system is in effect a lottery, despite the adoption of the name "insurance." Nevertheless, it is compulsory. If you are engaged in certain work, you must pay in; if you are engaged in other work, you cannot pay in, even if you desire to do so; and the fact that you have paid in does not mean that you will necessarily get any benefits or protection (p. 24, "How Much Social Security Can We Afford?" by Leonard J. Calhoun, American Enterprise Association, Inc., April 1960)."

This old-age and survivors insurance part of the social-security system is, for the immediate present, sustained by the special taxes paid by those covered and by their employers.

Since, however, there are still millions of jobs uncovered—and since many of these will still remain uncovered even if H. R. 6000 is passed—and since, also, there are millions of people who never could have qualified for OASI in any event, we have an additional piece of machinery, so large and complicated that it resembles one of Rube Goldberg's crazy inventions.

This Rube Goldberg invention is called old-age assistance. Old-age and survivors insurance is one of the Siamese twins. Old-age assistance throughout this great land of ours is today the other Siamese twin.

Perhaps I ought not to say Siamese twins, for, as used in this connection, it is a reflection on the Siamese people. To be more exact, I ought to call them the Altmeier twins.

This old-age assistance twin is a kind of relief, generally with a means test, paid to the indigent on a basis of what is called need. Old-age assistance is subsidized jointly by the Federal Government and the States out of general revenues, and the amounts paid vary among the States.

In June 1949 the range was from $70.65 per month in California to $18.80 per month in Mississippi. This wide range in old-age assistance makes the crazy-quilt crazier.

In its subsidy to the States for old-age assistance the Federal Government now pays three-fourths of the first $20 of an OAA monthly payment, and one-half thereafter, up to a $53 maximum. That is, out of the first $50 a State may grant, the Federal Government may now pay as much as $30. Above $50, the State must pay itself. As already stated, the range of what some States will pay above this maximum is very wide.

But there are two eccentric bearings in this OAA machinery which make already wheezing and grinding gears wheeze and grind the more.

First, old-age assistance is granted on the basis of need. I may ask, what is "need"? Nobody knows. It seems to be a local affair. I have looked high and low and I can find no federal definition of "need" under the law, though hundreds of millions of dollars are being poured out every year. What is need? In California, one can own a home and a car and yet be in need of old-age assistance. In certain other States, he cannot.

What is right? The Altmeier twins give us no help on this score.

California permits a person in this kind of need to own real property not exceeding $3,500 net county assessed value in California. Department of Social Welfare Bulletin No. 389, OAS, December 30, 1949.

In Tennessee, on the other hand, an applicant is ineligible for old-age assistance if the assessed valuation of his home is more than $1,050—page 16, Social Security Bulletin, October 1949.
Where and what is need? Search the Federal law all you please, Mr. President, but you will get no help.

This failure to define need makes it possible for a State to exercise a wide latitude of judgment in determining who shall get old-age assistance.

I want it clearly understood that I am not at this point concerned with the amount granted in the various States. I will come to that problem presently. All I am trying to do now is to figure out the Bob McNutt character of the system's design.

Now for the second eccentric bearing in this crazy assistance machinery.

Because the Federal Government participates in payments up to $50 a month, it is possible for a State to enormously increase the amount of Federal subsidy it receives, with no commensurate additional expenditure of its own, simply by writing the small payment below $50 per month. When a State starts paying $70 a month old-age assistance, that State is paying $40 out of that $70. But suppose the State hauls down the monthly benefit to $30 under the McNutt formula presently used, that State can count on getting the bulk of the assistance money out of the Federal Treasury, whose funds come from people in all the States. It was under these circumstances that the State of Louisiana in June 1949 was paying $47.05 to 819 per 1,000 of its "old folks," a circumstance which has been described as "a record for the United States and the world."

Back in 1934 when these matters were under consideration, the President set up a Committee on Economic Security to make recommendations. Who are the members of this committee? They were Frances Perkins, Henry Morgenthau, Homer Cummings, Henry Wallace, and Harry Hopkins. The glowing reputations of these persons for precision in judgment and for prudent management are well known to all. Surely we know all we need to know about Henry Wallace's fiscal genius. Anybody who wrote the McNutt formula can do an identical job to design a social-security system. As for Harry Hopkins, was he not the soul of probity? I need but no further in discussing the high character and competence of this Committee on Economic Security.

HYBRID SYSTEM—NOT INSURANCE—NOT PENSIONS

Mr. MALONE. Mr. President, will the Senator yield?

Mr. MALONE. The Finance Committee, has offered, calling for a further investigation, be made before we determine to drive further in the direction we are going, or should we enact the pending legislation, thus driving the stake deeper, and then investigate the question further?

Mr. CAIN. The Senator from Nevada has posed not one but several questions. I realize that, but they are all woven together.

Mr. CAIN. Indeed they are, and I shall do my best to answer them in a concrete way.

In 1935, the record tells us, the Congress of the United States and the Executive recognized for the first time an obligation to take care of the aged in America. It was decided in 1935 that age 65 would qualify a person for benefits under the intended social-security system. That system was established in 1935, and it had, I think, as its completely legitimate purpose and objective, providing benefits for the aged population of America.

Because the designers of the system recognize that it would take a great many years for the system to achieve its purpose, there was created a system to provide financial assistance to indigent persons within the States of the Union. The cost of providing such financial assistance was to be borne by both the State in question and the Federal Treasury and the Racece. I think I could establish it as being a fact that no proponent of the social-security system which was established in 1935 thought there would be remaining in the year 1950 any need for continuing financial assistance programs in the 48 States of the Union. It is now, I may say to my friend from Nevada, the year 1950. There are today approximately 11,500,000 Americans aged 65 or over. Approximately 2,500,000 of that total are being taken care of by our social-security system.

Another group approximating almost 3,000,000, I think, are being taken care of under the plan for paying old-age pensions, probably will take over most of the load of the old-age pensions from the States.

Mr. CAIN. If I understand the Senator's question correctly, it would be my view that under the present social-security system we shall never be able materially to lessen the old-age assistance programs which are in vogue in the 48 States. It was always the intention of the supporters and of some of the designers of the present social-security system that in due time the financial load resulting from old-age assistance benefits in the States would be greatly reduced or wiped out altogether. It must now be recognized as a fact, and I think it is so recognized by every Senator, that a continuation of the present system would extend in perpetuity the old-age assistance programs, which every Senator wants to bring to that problem presently. All the Senator can do now is to figure out at the earliest possible moment.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. CAIN. I am pleased to yield.

Mr. MALONE. At least as the junior Senator from Washington understands, neither the present system nor the one proposed by the pending bill provides either pensions or insurance. Both are hybrid things, with no particular background and no objective as to where they are going. What is the Senator's opinion about taking over the systems which differ in every State? Does the Senator think there has been sufficient study to enable us to understand the program the roots of which we are now planting deeper? Should the study contemplated by the resolution of the distinguished Senator from Georgia [Mr. Groose], chairman of the Finance Committee, has offered, calling for a further investigation, be made before we determine to drive further in the direction we are going, or should we enact the pending legislation, thus driving the stake deeper, and then investigate the question further?

Mr. CAIN. The Senator from Nevada has posed not one but several questions. Creating. Indeed they are, and I shall do my best to answer them in a concrete way.

In 1935, the record tells us, the Congress of the United States and the Executive recognized for the first time an obligation to take care of the aged in America. It was decided in 1935 that age 65 would qualify a person for benefits under the intended social-security system. That system was established in 1935, and it had, I think, as its completely legitimate purpose and objective, providing benefits for the aged population of America. Because the designers of the system recognize that it would take a great many years for the system to achieve its purpose, there was created a system to provide financial assistance to indigent persons within the States of the Union. The cost of providing such financial assistance was to be borne by both the State in question and the Federal Treasury and the Racece. I think I could establish it as being a fact that no proponent of the social-security system which was established in 1935 thought there would be remaining in the year 1950 any need for continuing financial assistance programs in the 48 States of the Union. It is now, I may say to my friend from Nevada, the year 1950. There are today approximately 11,500,000 Americans aged 65 or over. Approximately 2,500,000 of that total are being taken care of by our social-security system.
I now yield to the Senator from Illinois.

Mr. KERR. Mr. President, will the Senator from Washington yield for a question?

Mr. CAIN. Certainly.

Mr. KERR. Did the Senator make a statement as to how many aged would come under OASI, and how many under old-age assistance?

Mr. CAIN. Yes.

Mr. KERR. Will the Senator repeat the number for the benefit of the Senator from Oklahoma?

Mr. CAIN. Approximately two and a half million persons are now drawing benefits from the social-security system. Approximately 3,600,000 are drawing assistance from the assistance programs in the various States of the Union.

Mr. KERR. I understood the Senator to refer to a certain number of aged people. I presume that he now refers to all persons receiving benefits under both social security and assistance.

Mr. CAIN. Of some eleven and a half million persons in the country aged 65 or older, approximately five and a half million are drawing assistance from either the social-security system or the assistance programs in the States, as I understand.

Mr. KERR. The Senator from Oklahoma was under the impression that there were about two million under one system and about 2,700,000 under the other.

Mr. CAIN. The Senator from Oklahoma may be more precise. I think the figures can be very easily established. They have been offered in the past few days by the Senator from Colorado and the Senator from Georgia. The main point involved is that of all the aged in this country a number less than 50 per cent are drawing benefits from either a State or from the Federal Government, when, as I understand, it was our intention beginning in 1933 to work out for the future a system which would provide benefits to all of the aged population of America.

Mr. KERR. Is it not a fact that the two-headed or Siamese-twin system to which the Senator has referred, being old-age assistance on the one hand and old-age and survivors insurance benefits on the other, is very definitely limited by the terms of the legislation?

Mr. CAIN. That is correct.

Mr. KERR. In the assistance program it is limited to those who establish themselves as being in need under standards prescribed by the individual States, and in the other program to those who become eligible by their participation in the program.

Mr. CAIN. By their being covered.

Mr. KERR. Is it not also true that the limitations within the laws themselves applicable to those eligible or qualifying under the provisions of the laws make it impossible for the programs to cover other than those who are eligible?

Mr. CAIN. I think the Senator from Oklahoma is quite right. It is the intention of some of the amendments now before the Senate to increase the coverage in the social-security system in order that there may be more beneficiaries in the future. Those amendments are being offered, to my mind, because there is a growing acknowledgment of an obligation by the Federal Government to the aged of America. My contention is that, however we may amend or liberalize the present system, we are not moving in the direction of providing assistance or benefits to the aged population of America, as is the hope for the future of the junior Senator from Washington and of other Senators of like mind. We feel that if the Federal Government is to acknowledge an obligation to the aged persons it must of necessity acknowledge an obligation toward all persons over a particular agreed-upon age.

Who was the Chairman of the Technical Board of that committee? It was one other than Arthur Altmeyer, at that time Second Assistant Secretary of Labor but now and, for many years, the boss of our Siamese-twin system for jobbing old people.

What did that committee say in its report on the question of assistance money? I shall read a portion of it:

Old-age pensions—

And it was old-age assistance they were talking about—

are recognized the world over as the best means of providing for old people who are dependent upon the public for support and who do not need institutional care.

Only approximate estimates can be given regarding the cost of the proposed grants-in-aid. If a compulsory contributory annuity is not established at the same time—

And such a contributory system was established at that time—

estimates indicate that the Federal share of the cost of the noncontributory old-age pensions may in the first year reach a total of $136,500,000 • • • and would increase steadily thereafter until it reaches a maximum of $1,294,300,000 by 1960 • • •. Obviously these figures will be reduced if a compulsory system of contributory annuities is established, as was done in Baltimore with the Federal grants-in-aid. Sound financing demands this simultaneous action. (Pp. 40-42, House Ways and Means Committee hearings on the Economic Security Act, Jan. 21, 1933).

We have it established, all right, but there is no sign of reducing figures. Expenditures for old-age assistance have been climbing every year, old-age insurance or no, and there is no sign of let-up. Currently the Federal share of the subsidy is $8,000,000,000, with 1980 20 years away.

To administer these two Siamese twins—OASI and old-age assistance—is no inexpensive matter, despite Mr. Altmeyer's claims of only 12 cents apiece to administer 80,000,000 wage records in Baltimore (p. 20, Senate Finance Committee hearings, January 17, 1950).

For the year ending June 30, 1949, it cost $33,014,000 (p. 6, Trust Fund Report, 1950) to administer OASI and $2,500,000 to the Bureau of Public Assistance, Social Security Administration—to administer old-age assistance—Federal share, $33,014,000; State and local shares, $2,580,000—a total of almost $35,594,000. If H. R. 6000 passes, some estimates run to $110,000,000 for the administration of OASI alone.
If we want to know why these costs are rising, the incredible Jerry-built complexity of the machinery supplies one of the answers.

Of course, it takes a small army of people to make this Rube Goldberg machine. Commissioner Altme y tells us that the Social Security Administration alone employs 11,900 persons (p. 35, Senate Finance Committee hearings, January 17, 1950). In addition to this, according to the most recently available figures (p. 8, Social Security Bulletin, April 1950) more than 56,000 persons are employed throughout the country in State and local agencies. In all, more than 67,000 persons are officially employed in dispensing welfare in one, way or another throughout the United States. To be sure, some of these dispensers of welfare are concerned with dependent children, the blind, and so on, but the chief business of these nearly 68,000 functionaries—Federal, State, and local—is looking after old people in one way or another.

That their labors are onerous we may well believe.

Philip Vogt, welfare administrator of the Douglas County Welfare Department, appeared before the Senate Finance Committee and described the social-security machinery in action. He said:

In Douglas County, Neb., the administration of assistance requires the understanding of use of pages of finely printed State and Federal laws, a three-volume State manual of 1,001 pages of rules, regulations, and interpretations, is something else. Our administrators spend less than 20 percent of their time in the field. They are bogged down with the machinery and mechanics superimposed upon us either by State or Federal officials. (P. 628 and 625 of the typewritten transcript of the 1950 Senate Finance Committee hearings.)

Mr. President, the real problem with which we are concerned is the security of our old people.

When we consider this fact and then turn and, in perspective, view the weird monstrosity that has been cobbled together over the years, imagination staggers.

We have a hand-out system, old-age assistance. We have a phony annuity system, OASI. We have got a dollar a week, or a nickel's worth of taxes. Both systems, yoked together, are called the social-security system, an adaptation of some ideas originally set up in that paradise of bureaucrats, the German autocracy.

We consider the American genius in handling native organizational problems, our stupefaction grows.

In this country, where the founding fathers devised a governmental system of checks and balances, the most ingenious known to mankind:

In this country, where assembly-line manufacture was developed, a process which attained magnitudes of production that amazed the world:

In this country, where the demands of communication have been met, the physical tasks of distribution more brilliantly achieved than in any other place:

In this country, where men and women from thousands of trades and professions were able to man, equip, administer, and supply throughout the world the greatest military organization ever known:

In this country, I say, Mr. President, we have been content to supinely accept a jumble of alien theories for handling the economic problems of our old people, theories which never worked beneficially, even in the countries where they were born.

In his testimony last January Commissioner Altme y told the Finance Committee that they had a right to be proud. I see no reason for pride. Our social-security system is a disgrace. The whole set-up is a gruesome example of where you start with a series of faulty ideas and, thereafter, expand and build upon them. Stage by stage, the superstructure, temporary props are put under the sagging floor, and the whole thing is forced to bear new and heavier demands further additions, until at last we have the system of today.

After 15 years of talk and conversation, of incessant propaganda by Mr. Altme y and those employed by him, we have fewer than 20 percent of our old people, 2 million out of 111/2 million, beneficiaries of the so-called insurance system.

And now, to make confusion worse confounded, H. R. 6000 arrives before us, an enormous bill, 188 pages long, with 203 pages of matter from the House bill thrown in, a total of 391 pages of material.

What do we find? Here, briefly, are some of the points:

First. The bill enlarges the compulsory coverage and survivor insurance. Further occupational categories—not human beings, as I said, but occupational categories—are brought in, among them domestic workers and some other occupations and professions. Farmers are left out, but hired men, if they work for a single employer for at least 60 days in a calendar quarter, with cash wages of at least $50 for services in the quarter, are brought in. Voluntary coverage is extended to about 1 1/2 million State and local government employees who are presently without retirement plans. Already established plans of State and local government employees are not interfered with. New and compulsory coverage brings in 8,300,000 persons; 1,700,000 come in on the so-called voluntary basis. In sum, we may get somewhere new persons on the old-age and survivors insurance rolls (pp. 5–6, Senate report).

Second. Persons in newly covered groups who will actually reach retirement age are put in a position to promptly qualify for benefits. The idea seems to be that through this quicker eligibility of older workers old-age assistance might be cut down to the same extent. That this is anything but certain I shall presently show (p. 7, Senate report).

Third. The whole scale of benefits is liberalized by an average of from 85 to 90 percent for all currently receiving old-age and survivors insurance benefits. The money for this liberalization comes from the tax income in current receipt from younger persons in the system (p. 6, Senate report).


The committee is of the opinion that the cost to the Federal Government for public assistance (this, of course, includes aid to dependent children and the blind) should not be increased further by modifying the existing matching formulas and establishing a new State-Federal program as would be provided by the House-approved bill.

Actually (p. 9, Senate report) existing law is retained except that where an old person gets so meager an OASI benefit that he can qualify for old-age assistance also, the Federal Government will take only 50–60–70–80–90–100 percent of the OOA maximum. All this means is that in the past, in these particular cases, the Federal Government could pay $30 out of the first $50 of old-age assistance. Now, in these double-jointed cases only—the Federal Government will pay no more than $25. Otherwise, the matching formula is left intact.

Fifth. The Finance Committee has declined to change the tax base, leaving it on the first $3,000 a covered person earns. But the tax on this base is supposed to rise with considerable speed. The tax, currently 23 and a half percent of cash wages of at least $50 for services in the quarter, is now 3 percent. If not frozen, it will rise to 4 percent in 1956; 5 percent in 1960; 6 percent in 1965, and, at length, to 6.5 percent in 1970 two decades from now.

Let us now turn for a few minutes to the Senate Finance Committee's report on the bill, and see what light we can get from that (p. 319).

In the first place, we find that, as in the case of the House bill, the committee has thought it proper not to consider the many requests for a complete re-vamping of the system, and has not recognized the necessity for adopting a truly currently functioning program.

The senior Senator from Nebraska clearly recognizes this, and states in his minority views (p. 513):

The committee has not attempted to make an analysis of the fundamental basis of our so-called social-security system. Although there was some discussion of such a study and considering alternative methods of meeting the need, the committee, in effect, dealt against taking such action this year. Instead, it was content to accept the present system substantially as it stands: revise the tax and benefits scale; patch up some of the more glaring loopholes; and report a bill which will merely push us further along a course which I believe we should stop and consider.

In other words, what H. R. 6000 does is to get us deeper into confusion and contradiction. Even the majority seem to have a glimmer of this. They say in their report (p. 1):

The onrush of broad social and economic developments has completely unbalanced the Nation's social-security system.
They further say (p. 21):
Your committee's impelling concern in recommending passage of H. R. 6000, as revised, has been to take immediate, effective steps to cut down the need for further expansion of public assistance, particularly old-age assistance.

The committee must have been misled by the Social Security Administration. Certainly the definite recognition—and the report so recognizes it—on page 3 of the report, in the section on Purpose and Scope of the Bill. This is a reference to private-pension plans, which have attracted so much recent attention in collective-bargaining agreements. Says the report, in discussing the advantages of these plans:

Most of these plans do not give the worker rights which he can take with him from job to job.

If this statement is a reflection of the Social Security Administration's thinking, it marks a high point in cynicism. Commissioner Altmeier knows perfectly well that, even if H. R. 6000 is passed, people can be moved in and out of OASI without taking their benefit rights with them.

Numerous weird arguments turn up in the discussion of extended coverage. For example, coverage is extended to the Virgin Islands at once and to Puerto Rico if the Puerto Rican Legislature so requests. Says the report on page 17: Puerto Rico and the Virgin Islands are a part of our American economy, and their populations are clearly in need of social-insurance protection. As a result of relatively low average earnings, workers there are generally unable to provide for their own future security.

The implication of this passage would seem to be that many of our high-wage people here at home could provide for their future security; but this possibility is never considered; this concern about the plight of Puerto Ricans and Virgin Islanders seems remarkable when it is recalled that millions of our own old people are shut out.

Some say high-wage persons are compulsorily taken in, others are left out. Publishers are covered, but not certified public accountants; actors, but not dentists; chemists, but not physicians; musicians, but not professional engineers. The way the coverage among the self-employed might apply in a city block has been described this way:

Let us imagine a block of stores and offices occupied in the following manner: The first office is occupied by a physician. Next door is a law office. Then comes an office occupied by an architect. Next to him is a small millinery shop. Beyond that is a dentist's office, followed by a florist. The next office houses a lawyer. On the corner is a filling station. The tax collector skips the doctor, the architect, the dentist, and the lawyer, but picks up each from the baker, the milliner, the florist, and the owner of the filling station. The four who are taxed are probably less able to part with the tax than are the other six. None of the eight would be particularly likely to claim old-age-insurance benefits at age 65. We thus have the anomalous and unfair situation in which half the operators of small independent businesses on a block would be taxed, but would get no justice in the logic in the arrangement. Presumably milliners, florists, bakers, and the like are not so well organized and not so vocal as doctors. But are they on the weak and unprotected, while the strong escape by clamoring? (Challenge to Socialism, p. 3, June 1, 1949.

As I have stated, the OASI benefits are raised in the bill in a highly varying degree. On the average those who are now receiving benefits—about 2,000,000 persons—will get from $9 to 50 percent more than they are getting now. The average primary benefit, now $26 a month for retired workers, would be increased to an average somewhere around $48 (p. 6). These increases, as I said, will be paid out of current social security tax revenues.

Now for the new categories, and they are of considerable concern, to the Senator from Washington, anyway. Younger people just coming in may require as much as 40 calendar quarters of coverage acquired at any time.

Through such methods of operation the Social Security Administration figures that a large number of old persons would be paid benefits in the first year of operation, thus reducing the need for public assistance by the States.

Whether this reduction of need is referring to the reduction in Federal subsidy of $5 a customer for those who manage to get both OASI and old-age assistance is not clear. But it may well be.

Looking back, it would appear that the Siamese-twin system simply proposed to move 700,000 persons out of old-age assistance and into OASI. But such a performance, done with mirrors, seems hardly possible even for Mr. Altmeier's expert scene shifters. It does seem likely, however, that this claim for a reduction in assistance pay-
social-security bill would not reach any of the six or seven or eight million people who are 65 or over at this time who are not under the old bill—I presume because they have not paid into the fund and that there is no provision for them?

Mr. CAIN. The understanding of the Junior Senator from Washington is that when the present social-security system, which includes old-age insurance and survivors benefits and financial assistance programs in the State, has been agreed to by the Congress, there will yet be from five to six million aged Americans, each 65 or older, who will be receiving financial assistance and/or benefits from no source, either Federal or State.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. CAIN. I am pleased to yield.

Mr. MALONE. The junior Senator from Nevada is for the maximum of social-security benefits, because he thinks that the economic system will stand without undue pressure or dislocation. Has the distinguished Senator from Washington heard any discussion or does he know of any study as to what this plan might do to the economic system which I think the distinguished Senator from Washington would agree with the junior Senator from Nevada is not too sound at the moment? It seems to me that such a study should be the first consideration; then, with that mind, we should go just as far as we can go in including the remainder of the aged persons—65 or over.

Mr. CAIN. In the past several days some of the finest Americans in the land, who are Senators of the United States, from both political parties, have publicly stated that the present system, which is or whether it is expanded or liberalized, frightens them, and that they look forward to the time in the near future when the present system can be replaced by a system which pays for future and not a current or present basis. There is a ready admission—I think I state the point correctly—on the part of some of the members of the Finance Committee, that there will be no dangerous financial strain, or no dangerous financial strain, or no danger to be afraid of.

Mr. MALONE. The explanation of the distinguished Senator from Washington is very clear and he is willing to pay in the Treasury. We then buy bonds with that money and pay interest on the bonds. The interest on the bonds is paid by the taxpayers. Then, when the time comes that payment must be made, we cash the bonds, presumably, in order to obtain the money. But when the bonds are cashed we immediately have to pay the taxpayers, with whom it finally catches up, the second time. It looks more like a double payment system. Can the Junior Senator from Nevada enlighten me on this subject?

Mr. CAIN. The Senator from Washington believes he can help the Senator's thinking perhaps a little bit. To my mind, the thought of the Senator from Nevada is that if the aged people of America will stand without undue pressure or dislocation, when the distinguished Senator from Washington seen a breakdown and study sufficient to convince him that it will be 3 or 4 years before the system becomes effective? The junior Senator from Nevada has not seen any such study, which is another way of saying that there is no dangerous economic strain, or no legislation can only hope at this session of Congress to achieve two things, first, and the inequities inherent in the social-security system now in operation.

Mr. CAIN. The Senator from Washington has seen no figures. He has merely done some work with his own pencil. He has taken the number of people and the system and the amounts they pay, and he has considered the number of people who are to benefit from the system, and because the system is taking in currently much more money than it is paying out, we are making it easy, among other things to increase the benefits.

The trouble will come when either the benefits become too high or there is no longer sufficient money coming in to satisfy the obligations. The best thinking I know of in this country is that after R. H. 6000, as amended, has been approved and become the law, in 5 or 6 years we simply will not then be able to have enough power to pay out the obligations so rightfully to be demanded by the beneficiaries of the system, which is another way of saying that everyone is in agreement, whether we are for or against H. R. 6000, as revised, that we want to get rid of the system we have now. I believe we have no option but to make sure that if we want to keep it from becoming financially involved in a serious way, and if we want to keep faith with the aged people of America.

Will my friend from Nevada permit this most frank observation? I think that those of us who are endeavoring constructively to criticize this proposed legislation can only hope at this session of the Congress to achieve two things. The first is that we will be able to advise the American Nation, including its aged population, of what America's social-security system can do for millions of them if they live to be a million years of age. Secondly, we might so dramatize the weaknesses and the faults and the inequities included in the system which is now before us for discussion, that more Senators will be determined to find an equitable system to replace a system which was well-intentioned, to my mind, from the beginning, but which has been edges out into the twilight zone, and it is very difficult to determine who is paying for what, and when.

The junior Senator from Nevada has raised no adequate, as yet of how just these funds are handled and what effect the process has on the employee and the employer, who is also a taxpayer, with whom it finally catches up, the second time. It looks like a double payment system. Can the junior Senator from Washington enlighten the junior Senator from Nevada on this point?

Mr. CAIN. The Senator from Washington believes he can help the Senator's thinking perhaps a little bit. To my mind, the thought of the Senator from Nevada is that if this so-called trust fund is substantially correct. I myself cannot forget that yesterday I listened to a man who is extremely intelligent and very thoughtful, the Junior Senator from Colorado (Mr. MILLIKIN), ranking minority member of the Senate Finance Committee, who advised the Senate and the Congress that the sooner we could get away from a reserve fund which was not truly a funded
operation, the better off the country would be. He then continued, saying substantially this: "But what we have in the form of a trust fund is a fake."

The Senator used that word—f-a-k-e.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CAIN. Mr. President, will the Senator yield?

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. MILLIKIN. Mr. President, will the Senator from Arizona yield? I should like to ask unanimous consent to submit a resolution and explain its true nature and the ultimate future of the so-called social-security trust fund, if it is not to be replaced shortly by some other method of operation?

Mr. MILLIKIN. Mr. President, on behalf of the Senator from Georgia (Mr. GEORGE) and myself I submit the resolution and ask that it be referred to the Committee on Finance.

Mr. President, on behalf of the Senator from Georgia (Mr. GEORGE) and myself I submit the resolution and ask that it be referred to the Committee on Finance.

The resolution (S. Res. 330) was ordered to lie on the table and be printed.

1. The type of social-security programs which are most consistent with the needs of the people of the United States and with our economic system, including study and investigation of proposed programs for a pay-as-you-go universal coverage system and the possible relationship to such a system.

2. The extension of coverage under the old-age and survivors insurance program to farm operators and nonregularly employed agricultural labor and to other uncovered workers with a minimum burden of record-keeping and report-making imposed upon such farm operators and the employers of such other uncovered workers.

3. Financing of the old-age and survivors insurance program particularly with respect to the issue of reserve financing as opposed to a pay-as-you-go plan.

4. Increased work opportunities for the aged who are able and willing to work.

5. The relationship of the social-security programs to private pension plans.

6. The social-security programs in relation to care, income, maintenance, and rehabilitation of disabled workers.

Sec. 2. For the purposes of this resolution, the committee or the subcommittee thereof duly authorized to conduct the study and investigation under this resolution is authorized to employ such technical, clerical, and other assistants as it deems advisable and to designate and appoint advisors.

Sec. 3. The committee or the subcommittee thereof duly authorized to conduct the study and investigation under this resolution is authorized, with the approval of the Committee on Rules and Administration, to request the use of the services, Information, facilities, and personnel of the departments and agencies in the executive branch of the Government in the performance of its duties under this resolution.

Sec. 4. The expenses of the committee or subcommittee under this resolution, which shall not exceed $25,000, shall be paid out of the contingent fund of the Senate upon vouchers signed by the chairman of the committee.

The resolution must pass on the resolution.

Mr. MILLIKIN. Then may I have it referred to the Committee on Finance?

The resolution (S. Res. 330) was ordered to lie on the table, and to be printed.

The resolution must pass on the resolution.

Mr. MILLIKIN. Then may I have it referred to the Committee on Finance?

The resolution (S. Res. 330) was ordered to lie on the table until next Tuesday, at which time it will be voted on.

The resolution (S. Res. 330) was ordered to lie on the table, and to be printed.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000), to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

Mr. HUMPHREY. Mr. President, I send to the desk amendments to H. R. 6000. The amendments are submitted in behalf of myself and the Senator from New York [Mr. LEHMAN].

I have a statement pertaining to the amendments, which describes the purposes of the amendments in general terms. The purpose of the amendments, broadly speaking, is to raise the maximum individual old-age-assistance grant from $50 to $65 per month. They do so by providing that the Federal Government shall match any additional individual grants above $50 by providing one-third of that amount.

Mr. President, I ask unanimous consent that the amendments offered by the junior Senator from New York and myself may be printed in the Record at this point, together with the statement of explanation of the amendments.

The PRESIDING OFFICER. The amendments will be received and will lie on the table and be printed.

The amendments will also be printed in the Record, together with the statement submitted by the Senator from Minnesota.

The amendments and the statement of explanation are as follows:

On page 375, line 18, strike out the words "$50" and insert in lieu thereof "$65."

On page 375, beginning with line 1, strike out all down to and including line 4, and insert in lieu thereof the following:

"(B) one-half of the amount by which such expenditures exceed the product obtained under clause (A), not counting so much of the expenditures with respect to any month as exceeds the product of $50 multiplied by the total number of such individuals (other than those included in clause (D)) who received old-age assistance for such month, plus

"(C) one-third of the amount by which such expenditures (other than expenditures with respect to individuals included in clause (D)) exceed the sum of the products obtained under clauses (A) and (B), plus."
On page 378, line 5, strike out "(C)" and insert in lieu thereof "(D)".
On page 383, beginning with line 4, strike out line 7 and including line 18, and insert in lieu thereof the following:

"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 beginning October 1, 1950, (1) an amount, which shall be used exclusively as aid to the blind equal to the sum of the following proportions of the total amounts expended during such quarter as old to the blind under the State plan, not counting so much of such expenditures with respect to any individual for any month as exceeds $65—

"(A) three-fourths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $20 multiplied by the total number of such individuals who received aid to the blind in such month, plus

"(B) one-half of the amount by which such expenditures exceed the amount obtained under clause (A), not counting so much of the expenditures with respect to any month as exceeds the product of $50 multiplied by the total number of such individuals who received aid to the blind for such month, plus

"(C) one-third of the amount by which such expenditures exceed the sum of the products obtained under clauses (A) and (B); and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the 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 no other purpose.'

"(b) The amendment made by subsection (a) shall take effect October 1, 1950."

The amendment is designed to raise the maximum individual old-age-assistance grant from $50 to $65 per month. It does so by providing that the Federal Government shall match any additional individual grants above $50 by providing one-third of that amount.

I also send to the desk, Mr. President, a second amendment designed to accomplish the same purpose in the assistance-to-the-blind program of the Social Security Act.

These amendments, Mr. President, are vital if America is to live up to its obligations to those who have contributed their years and their efforts to this Nation's welfare, and now find themselves—frequently with their energies spent—too old to work. A maximum of $65 per month for the aged should be a minimum. The success of the medical profession in prolonging life when considered together with the falling birth rate, has had the effect of emphasizing the importance of providing for the aged in America. An ever-growing proportion of the population is in the older age group. Whereas fewer than 3 percent of the population in 1810 was 65 years of age, that proportion in 1940 was 7 percent, and it is expected to grow to 10 percent in 1970.

It is recognized by all that in spite of the old-age-insurance provisions of the Social Security Act, there is a need for a supplementary program to fill in the gaps and provide for the existing aged who can never qualify for social security. In addition, I think it is clear that there probably always will be a small but significant part of the population which cannot qualify under the Insurance program.

Under H. R. 6000 as it passed the House, a provision is made that the Federal Government shall pay a share of four-fifths of the first $20 of a State's average monthly pay-
Mr. HOLLAND. Mr. President, reserving the right to object, let me say that I have a series of questions which I should like to propound to the Senator from Georgia with reference to the bill amending the Social Security Act. If the Senator from Georgia is available this afternoon, I can propound my questions to him today.

The PRESIDING OFFICER. Earlier in the day the Senator from Georgia was granted leave of absence from the Senate until Monday.

Mr. HOLLAND. Then, Mr. President, still reserving the right to object, let me inquire whether there is presently available any other member of the committee to whom I could properly address questions having to do with agricultural labor and the provisions of the bill amending the Social Security Act, as the provisions of that bill would be applicable to agricultural labor.

Mr. MILLIKIN. Mr. President, I do not know whether I am qualified to answer the questions; but I have given some time and study to the social security measure, and I shall make myself available to the Senator at the appropriate time.

Mr. HOLLAND. Mr. President, it happens that I shall have to leave the Senate on important and necessitous business tomorrow night, and I shall not be able to be here for several days thereafter. For that reason, I should very much like the privilege of addressing my questions a little later this afternoon to the junior Senator from Colorado, if the Senate is to remain in session for a while.

Mr. MILLIKIN. I would have no objection.

Mr. HOLLAND. The Senator from Florida was not here when the unanimous consent request was made, and is not familiar with its contents.

The PRESIDING OFFICER. The Chair will state that the Senator from Washington yielded the floor for the consideration of the conference report, and, in the absence of unanimous consent to the contrary, or of his yielding the floor, he will regain the floor at the termination of the discussion and action with reference to the conference report. He now asks unanimous consent that he have that privilege tomorrow, at the conclusion of the call of the calendar, in lieu of having it at the conclusion of the consideration of this conference report this afternoon.

Mr. FOLLAND. Mr. President, reserving the right to object, I have no objection at all to that, provided the Senate may remain in session for a few moments, to enable me to get from my office the series of questions which I should like to have the great privilege of addressing to the Senator from Colorado, who, I am sure, could give me the answers to them.

Mr. MILLIKIN. Mr. President, if I cannot do so today, I will do some more home work and have them for the Record tomorrow.

Mr. McFARLAND. Mr. President, reserving the right to object, my reason for suggesting that the junior Senator from Washington modify his request was that I thought it a reasonable request that he had made, inasmuch as he was to have the floor after this discussion, which it was expected would only last a short time, and was so represented. While ordinarily I do not like to agree to a unanimous-consent request that any Senator shall have the floor on the following day, I feel that this is a reasonable request, and I appreciate the willingness of the Senator to modify it, so as to have it understood that he is to regain the floor following the call of the calendar, thus enabling Senators to know when to be here for the call of the calendar

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. BREWSTER. Mr. President, this has been one of the happiest weeks of my life. Sixteen years ago I was elected to Congress on a platform endorsing the idea of a pay-as-you-go program of old-age assistance with universal coverage. Ever since, I have steadfastly advocated this program during my service in the House and in the Senate.

Once a year in the Finance Committee of the Senate I have presented my views to my fellow members. This week it has been profoundly gratifying to have my Republican associates on the Senate Finance Committee, led by the Senator from Colorado (Mr. Mil- lkin), the former chairman of the committee, and the Senator from Ohio [Mr. Taft], the next ranking minority member, announce the conclusion of all the Republican members of the Finance Committee and several of their Democratic associates that the old-age assistance program should be as promptly as possible restored upon a basis of universal coverage and on a pay-as-you-go plan.

To this end a resolution is being presented authorizing and directing a careful study of the situation to be made during the recess of the Congress with a view to considering the formulation of legislation adapted to the transition from the present chaotic situation to a simple universal pay-as-you-go plan.

The details remain to be worked out. The recognition of the principle, however, is of profound significance.

The report of the Hoover Commission looked in this direction and suggested strongly consideration of development along this line, and the situation is now tragically apparent.

Representatives of the Brookings Institution testified before the Senate Finance Committee this winter and strongly urged consideration of a program of this character.

The pending legislation recognizes the moral obligation of the Government to make up to those who have contributed under the current scheme for the injustice that has been done to them by the 50 percent decline in purchasing power of the dollar.

This brings home very forcibly the unsoundness of the current plan, since no power on earth is able to determine what the purchasing power of the dollar will be 10, 20, or 30 years from now.

The one thing that seems fairly certain is that it will not be what it is today. After every great war in the last century, commodity prices have steadily declined which means that the value of the dollar has increased. Whether this will be duplicated after this war remains to be determined.

The injustice of compelling Americans to purchase "a pig in a poke" by buying future dollars on a purely speculative basis is now tragically apparent.

A pension program of this character was urged in the Republican National Platform of 1936 and in the most recent statement of Republican policies and principles issued this past winter.

It is most gratifying that the Republican leadership is now moving to implement these pledges as one of the soundest methods of restoring fiscal sanity to our Government.

Careful studies will be made of the very substantial savings that will result to all concerned with our programs as a result of this sound measure of reform.

Experience has in truth been the best teacher. Patience will have its perfect work.

Mr. President, I ask unanimous consent to have printed in the Record at this point as a part of my remarks excerpts from Republican platforms, and statements on social security, and also a letter written by H. D. Ruhm, Jr., President, Bates Manufacturing Co. on April
We favor the extension of necessary old-age benefits on an earmarked pay-as-you-go basis to the extent that the revenues raised for this purpose will permit. We favor the extension of the unemployment compensation provisions of the Social Security Act, wherever practicable, to those groups and classes not now included. For such groups as may thus be covered we favor a system of unemployment compensation with experience rating provisions, aimed at protecting the worker in the regularity of his employment and providing adequate compensation for reasonable periods when that regularity of employment is interrupted. The administration should be left with the States with a minimum of Federal control.
The PRESIDING OFFICER. There being no further routine business, the Senator from Florida (Mr. Holland) is recognized under the unanimous-consent agreement.

Mr. Holland. Mr. President, I note that in his opening statement in the debate of the pending measure, H. R. 6000, the distinguished chairman of the Senate Committee on Finance (Mr. George) speaking for himself and as chairman of the committee, advised the Senate that under the recommendations of the committee about 1,000,000 persons engaged in agricultural work are brought under the social-security system. I quote from the statement of the Senator from Georgia, as follows:

Workers on farms who are employed by one employer at least 60 days and earn $50 or more in a calendar quarter are covered, and, in addition, border-line agricultural workers, such as those engaged in processing and packing of agricultural and horticultural commodities off the farm, are brought under the system. These groups total about 1,000,000 persons. The committee gave careful study to the extension of coverage to workers on farms. It proposes this limited extension of coverage at this time in order to avoid complexity of administration or the public-assistance loads on the agricultural States reflect this need. To go beyond the coverage that is proposed in the bill, however, without further study of the problems inherent in bringing additional persons within the system. I fully approve this conclusion reached by the Senate Committee on Finance that workers on farms need social-security protection. I also approve their recommendations that all of such workers who can be brought under this system be included within the scope of the pending amendments.

Inasmuch as only a part of the agricultural workers are included within the amendment, whereas a larger part are excluded, I think it is highly desirable to clarify the subject for the record as much as possible. Since the Senator from Georgia is absent on official business I should like to address several questions to the distinguished Senator from Colorado (Mr. Millikin), ranking minority member of the committee, relating to those provisions of the pending bill which deal with the subject of agricultural labor. I shall appreciate it if the Senator from Colorado will accord me that privilege.

Mr. Millikin. Mr. President, if the Senator will yield, I wish to say that I shall be delighted to do the best I can.

Mr. Holland. I thank the Senator. My first question is this. At the top of page 263 of the printed bill, in section 104 (a) of the bill, there appears as a part of section 213 of the amended Social Security Act the following verbiage:

Sec. 213. (a) For the purposes of this title-

(1) The term "quarter" and the term "calendar quarter" means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

Applying the definition just quoted to that portion of the bill that deals with agricultural labor, is it possible to construe the terms "quarter" or "calendar quarter" to mean a 3 months' period commencing with the first day of the employment of any agricultural labor, or is the time of employment of an agricultural laborer under the terms of this bill computed strictly with reference to the calendar quarters defined by that portion of the bill which I have just quoted?

Mr. Millikin. Mr. President, I do not believe it is possible to construe the term "calendar quarter" to mean a 3 months' period commencing with the first day of the employment of any agricultural labor. It seems clear to me that the language means a calendar quarter, the first quarter being the first 3 months starting from the first of the year, the second quarter being the next 3 months, and so on, until we have four quarters.

Mr. Holland. I thank the Senator. I next refer to that portion of the bill appearing as part of section 210 of the amended Social Security Act (a) (1) (A), beginning at line 16, page 240 of the printed bill, and extending through line 7 of page 241, which reads as follows:

Except that, in the case of service performed after 1940, such term shall not include-

(1) (A) Agricultural labor, as defined in subsection (f) of this section, performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor is $50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For the purposes of this paragraph, an Individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (i) on each of some 60 days during such quarter such individual performs agricultural labor for such employer for some portion of the day, or (ii) such individual was regularly employed (as determined under clause (i)) by such employer in the performance of such labor during the preceding calendar quarter.

My second question to the distinguished Senator from Colorado relates to the requirement that an individual farm employee shall be deemed to be regularly employed by an employer during a calendar quarter, only if such individual performs agricultural labor for such employer "on each of some 60 days
during such quarter.” What is the meaning of the words “some 60 days,” as appearing in the section of the bill from which I have just quoted?

Mr. MILLIKIN. The use of the word “some” is to afford a distinction between 60 consecutive days of labor during the quarter and 60 unconsecutive days of labor during the quarter.

Mr. HOLLAND. In other words, whether the 60 days are consecutive or not, if, in a given quarter, within the calendar quarter, they will satisfy this particular requirement of the bill. Is that correct?

Mr. MILLIKIN. Exactly.

Mr. HOLLAND. My third question relates to the words “for some portion of the day” as they appear in the section which I last quoted. Am I correct in my understanding that if the employee performs agricultural labor for the employer during any portion of a calendar day during a calendar quarter, whether such portion shall be for only a few minutes or for any number of hours of said calendar day, such calendar day shall count as 1 day of employment during said calendar quarter?

Mr. MILLIKIN. I think the Senator is entirely correct in his interpretation.

Mr. HOLLAND. My fourth question is this. Then the hours worked by the employee bear no relation whatsoever to the day factor, either by way of permitting the employer to add together partial time work on various days within the calendar quarter and 60 unconsecutive days of labor during the quarter.

Mr. MILLIKIN. The employee or the employer would not have any right to carry over any of the hours of 1 day’s work to some other day.

Mr. HOLLAND. My fifth question is this: If the agricultural worker qualified under the law during the quarter, by working 60 days and by receiving cash remuneration of $50, is it not correct that for the second of two consecutive quarters, the only requirement that coverage under the term employment for the first quarter, both by working 60 days and by receiving cash remuneration of $50, is not correct that for the second of two consecutive quarters, the only requirement that coverage under the term employment is the payment of $50 of cash remuneration during the second quarter?

Mr. MILLIKIN. The distinguished Senator is entirely correct.

Mr. HOLLAND. My sixth question is this: What provision of the bill, if any, will prevent an employer from employing an agricultural worker 59 days or less in a quarter and rehiring him in the succeeding quarter for 59 days or less, thus depriving the worker of the coverage of the law?

Mr. MILLIKIN. There is nothing in the bill that would prevent that.

Mr. HOLLAND. My seventh question is this: What provision of the bill, if any, will prevent an employee who does not want to make contributions under the bill from working 59 days or less in a quarter and then ceasing work or going to work for another employer, thus avoiding coverage under the law?

Mr. MILLIKIN. The answer is that there is no provision of the bill which would prevent a practice of that kind.

Mr. HOLLAND. My eighth question is this: Referring to the statement of the Senator from Georgia (Mr. MILLIKIN), on page 8494 of the CONGRESSIONAL RECORD of June 13, 1950, to the effect that migrant agricultural labor is not brought under insurance coverage by the pending measure, is it not true that this statement is based entirely on the provision which may be referred to as the 60 days and $50 provision in section 210 (a) (1) (A), which I have quoted into the Record? In other words, there is no express reference to migrant agricultural labor, as such, by the terms of the pending measure, is there? Also, is it not true that part-time employees are equally excluded, along with migrant employees, under that provision?

Mr. MILLIKIN. Answering the first question first, let me say that I do not recall any specific reference in the bill to migrant agricultural labor, described as such. The Senator is entirely correct when he says that the basic definition, that which excludes a migrant worker from the coverage of the bill, is in the language he has quoted.

Mr. HOLLAND. That is, in the 60-day and $50 provision?

Mr. MILLIKIN. Yes; in the 60-day and $50 provision.

Mr. HOLLAND. Am I also correct in saying that by the same provision, part-time labor—that is, labor which has not been employed 60 days in any calendar quarter and has not received $50 in such calendar quarter—is also excluded, along with migrant labor, from the coverage of the law?

Mr. MILLIKIN. That is true.

Mr. HOLLAND. My ninth question is this: Are share croppers as excluded from the coverage of the bill? If so, is it not true that this exclusion of share croppers arises entirely under the cash-remuneration requirement—that is, section 210 (a) (1) (A)? In other words, is it true that there is no express reference to share croppers, as such, by the terms of the pending measure?

Mr. MILLIKIN. I do not recall any description of share croppers, as such, in the pending measure.

Mr. HOLLAND. Is it true that they are excluded from coverage, as stated by the distinguished senior Senator from Georgia (Mr. MILLIKIN), by the use of the words “cash remuneration,” which is required to constitute any regular employee?

Mr. MILLIKIN. That is true.

Mr. HOLLAND. My tenth question is this: When is the employer privileged to begin making deductions for social-security tax from the compensation of the employee? We have received a considerable number of requests on this particular requirement of the bill. Is this: Referring to the statement of the Senator from Georgia (Mr. MILLIKIN), on page 241 of the printed bill, is it not true that under this provision agricultural labor during the quarter, or only after the first employment, or only after 60 days of labor have been completed, thus qualifying the worker to come within the term of “regular agricultural employee”?

Mr. MILLIKIN. As a matter of right, as distinguished from what might be an agreement between the employer and the employee, I would say there is no right to make a deduction until 60 days have been worked in a calendar quarter. That leaves, I suggest, sufficient protection to the employer.

I assume that the Senator has in mind, perhaps, some worker who may be working 59 days a week, weekly, and perhaps disappearing before the proper deductions are made. I think that, as a practical matter, the last week's work, or whatever the number of days that would be involved, would provide sufficient wages out of which the employer could make his deduction. The reason for being required to wait that long is that the worker has a right to quit after the first week of work, and it would be unfair to make a deduction from his first week's pay. If he left after that time, before completing 60 days' work in any quarter, he would be owing anything; and, on the other hand, the employer is not obligated to make any reports or payments until after the man has worked 60 days.

Mr. HOLLAND. As another part of the same question, I should like to ask the distinguished Senator this: If deductions for the tax are made by an employer, and the employee works less than 60 days, is it not true that the employer is entitled to a refund under such conditions?

Mr. MILLIKIN. He certainly would make back a remittance that he remitted to the employer.

Mr. HOLLAND. My eleventh question is this:

Mr. MILLIKIN. May I make one more suggestion?

Mr. HOLLAND. I shall be glad if the Senator will.

Mr. MILLIKIN. The amount is 1 1/2 percent of the rate of the worker's wages, and as a practical matter that 1 1/2 percent, applied to any wages which might be received by the type of employee the Senator is discussing, I would say, could perhaps even out of one day's employment, considerable leeway for the deduction at the end of the quarter.

Mr. HOLLAND. My eleventh question is this:

Mr. MILLIKIN. Referring to page 241 of the printed bill, page 240, third, line 7, page 241 of the printed bill.
workers working side by side in a farmer's field will be differentiated as to whether they are subject to social-security benefits by virtue of the number of days they have worked for that particular employer during the previous calendar quarter?

Mr. MILLIKIN. That is entirely correct.

Mr. HOLLAND. My twelfth question is this: I note that there is no definition of the word "employer" stated in the bill itself, as there is of the word "employee," and of most all the other terms. Will the Senator state for the RECORD the definition of the word "employer" which he would regard as appropriate for the purposes of this bill?

Mr. MILLIKIN. I should not want to attempt an off-the-cuff definition of the word, but I think that, in common parlance, it has a very well-defined meaning. It is the man who pays the wages, and it is the man who has control and direction over the employee's labor.

Mr. HOLLAND. I will not press the Senator, but will he say for the record that the proper definition of this term for the purpose of this bill would be the common-law definition as the same may be affected by any of the specific verbiage of the bill?

Mr. MILLIKIN. Yes; I would say so.

Mr. HOLLAND. The Senator has been extremely patient, which I appreciate.

Mr. MILLIKIN. I wish to express my appreciation of the very finely phrased and important questions which the Senator from Florida has propounded.

Mr. HOLLAND. I thank the Senator. It seemed to the Senator from Florida, in view of the fact that only a small fraction of the total of agricultural workers was to be covered under the terms of the proposed bill, and that many of its terms were new to the body of our law, that it was highly appropriate, if not necessary, that this entire matter be explored for the protection of the worker and for the protection of employers in the agricultural field, particularly under the statement of the Senator from Georgia, that the committee had sought to confine itself, by the additional and partial coverage given in that field under this bill, to such coverage as could be effected without bringing undue hardship or complexity or administrative difficulties upon the farmers of the Nation.

Mr. MILLIKIN. I think the Senator's questions are especially pertinent, due to the conditions that exist in his own State and in other States which have somewhat comparable situations, where a large amount of migrant labor is necessary for the harvesting of the crops.

Mr. HOLLAND. I thank the Senator. I should like to ask one additional question, because I think it is wholly pertinent. So far as migrant labor is concerned, is it correct that there is nothing whatever to exclude migrant labor by reason of the mere fact that the workers travel from place to place, provided that they stay in any one place of employment under one particular agricultural employer so long as to have worked 60 days and to have received $50 in cash remuneration during any calendar quarter, as set forth in the bill?

Mr. MILLIKIN. The Senator is entirely correct. In asking his question, I am sure he has in mind what happens in the second quarter, where a man has complied with the conditions affecting the first quarter. He does not have to work 60 days in the second quarter; he can work any amount of time, if he gets $50 during that time.

Mr. HOLLAND. I thank the Senator. The real purpose of my question was to make it clear that there was no purpose on the part of the committee, nor will there be any purpose on the part of the Senate if it passes this measure—which I hope it will—to exclude any workers or their families from the coverage of the law by reason of the mere fact that they travel from place to place in following the crops and therefore come within the accepted category of the term "migrant" or "migratory agricultural workers."

Mr. MILLIKIN. They would be clearly included in the coverage if they met the 60-day and $50 per quarter requirements.

Mr. HOLLAND. I am deeply appreciative of the kindness and the patience of the Senator from Colorado.

Mr. MILLIKIN. I thank the Senator very much.
Mr. KNOWLAND. Mr. President, will the Senator from Washington yield to me for a statement, not to exceed 10 minutes, relative to an amendment I am submitting to H. R. 6003?

Mr. CAIN. Mr. President, the Senator from Washington asks unanimous consent that the Senator from California be permitted to speak for 10 minutes without the Senator from Washington losing his right to the floor.

The PRESIDING OFFICER. (Mr. Lemberg in the chair). Without objection, it is so ordered, and the Senator from California may proceed.

Mr. KNOWLAND. Mr. President, at this point in the Recorn, as a part of my remarks, I should like to have printed a copy of an amendment which I have heretofore submitted to House bill 6000, to extend and improve the Federal old-age and survivors insurance system, and so forth, and along with that I should like to have printed immediately following it a telegram which I have received from James G. Bryant, director of employment, California Department of Employment; a telegram from Harry Benge Corzier, chairman, and Dwight Horton, and Dean W. Maxwell, commissioners, of the Texas Employment Commission; and a telegram from Gov. Allan Shivers of Texas.

There being no objection, the amendment and the telegrams were ordered to be printed in the RECORD, as follows:

AMENDMENT INTENDED TO BE PROPOSED BY MR. KNOWLAND TO H. R. 6000

At the end of the bill add the following: "PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS

"Sec. 405. (a) Section 1603 (c) of the Internal Revenue Code is amended (1) by striking out the phrase 'changed its law' and inserting in lieu thereof 'amended its law', and (2) by adding before the period at the end thereof the following: 'and such finding has become effective. Such finding shall become effective on the ninetieth day after the governor of the State has been notified thereof unless the State has before such ninetieth day so amended its law that it will comply substantially with the Secretary's interpretation of the provision of subsection (a), in which event such finding shall not become effective. No finding of a failure to comply substantially with the provision in State law specified in paragraph (5) of subsection (a) shall be based on an application or interpretation of State law with respect to which further administrative or judicial review is provided for under the laws of the State.'

"(b) Section 303 (b) of the Social Security Act is amended by inserting before the period at the end thereof the following: "Provided, That there shall be no finding under clause (1) until the question of entitlement shall have been decided by the highest judicial authority given jurisdiction under such State law: Provided further, That any taxes may be paid with respect to any claimant by a State and included as costs of administration of its law.'"

SACRAMENTO, CALIF., June 15, 1950.

Senator William Knowland.

Senate Office Building:

Confirming our conversation re amendment to H. R. 6000 the various States are now subject to pressure from Secretary of Labor's office on unemployment insurance benefit decisions if unions disagree with such decisions, as was the case in the maritime conformity issue involving California last December. Under the proposed amendment employers or unions involved must exhaust their judicial remedies in the State courts and until such is done the Secretary of Labor would not be able to raise a conformity question. After decision by the Supreme Court the Secretary of Labor may then raise conformity question and provide the State with opportunity for hearing thereon in the event the Secretary of Labor then made findings of fact and conclusions of law that the State statute as interpreted by the State supreme court did not conform to the standards laid down in section 1603 of the Internal Revenue Code, his decision would be held in abeyance for 90 days in order to permit the State to convene its legislature and amend the State law to bring it into conformity with the Federal standards. Such an amendment is highly desirable in order to achieve proper Federal-State relationship as it affects the unemployment insurance program. The background of the California conformity hearing of last December is being sent you under separate cover, air mail, today.

James G. Bryant,
Director of Employment, California Department of Employment.

AUSTIN, TEX., June 15, 1950.

Senator William F. Knowland,
United States Senate,
Washington, D. C.:

The Texas Employment Commission warmly commends you for sponsoring amendment to H. R. 6000. We are sure all of the State agencies are grateful to you.

Harry Benge Corzier,
Chairman.

Dwight Horton,
Commissioner.

Dean W. Maxwell,
Commissioner.

AUSTIN, TEX., January 15, 1950.

Senator William F. Knowland,
United States Senate,
Washington, D. C.:

Your amendment to H. R. 6000 is highly appreciated by me as I am sure it is by governors of other States.

Allan Shivers
Governor of Texas.
its law or by virtue of its court's interpretation of its law. Each State was cited to a hearing in Washington, D. C., because of more appealable administrative applications of the law in certain claims cases. Nobody can know how the claims would have been decided under the State law, as the claimants had not completed the normal procedure under that law of establishing their rights.

What happened was that late last November both States were notified to appear at the Labor Department, and in December were tried by a minor official of that Department on the issue of the State being out of conformity—because of these appealable administrative claims actions.

These States escaped the penalty of having their grants withheld and the State unemployment compensation tax-payers of these States $200,000,000 in tax penalties only because the State agencies agreed at the last minute to meet the Secretary's demands.

Indeed, even assuming that the initial claims actions complained of were correct, and contrary to the Federal provisions, it is utterly disruptive of State administration of its law for the Secretary to concern himself with appeals of day-to-day appealable action. It disrupts all the State corrective machinery, and interjects the Federal administrators into the State administrative processes, in effect denying to the State the option of day-to-day appealable action. It merely gives the State a 90-day compliance period and relieving the Secretary of the penalties. The amendment would merely give the State a 90-day compliance period and relieve the Secretary of the penalties if, the State conformed with Federal standards, and only if, the State comformed with the Secretary's interpretation of the Federal standard within this 90 days.

Mr. President, I think that all Members of the Senate who have an interest in States' rights and in proper administrative procedures in the several States of the Union which have a responsibility should support this amendment.

Mr. CAIN. The Senator from Washington has been very much interested in what the Senator from California has stated, and wishes now to associate himself with the Senator from California. He joins with the Senator from California in hoping sincerely that the amendment proposed by him will be adopted by the Senate next week.

Mr. KNOWLAND. Mr. President, I should like to take this opportunity of expressing my appreciation to the Senator from Washington for yielding. One of the cases out of which I drew the Senator from California. He joins with the Senator from California in hoping sincerely that the amendment proposed by him will be adopted by the Senate next week.

Mr. President, when the junior Senator from Washington yielded late yesterday afternoon to make way for a conference report on the bill (H. R. 2443) to amend the Hatch Act the Senator from Washington was discussing the pending business, House bill 6000, and was when Interrupted analyzing the Finance Committee report on House bill 6000. The Senator from Washington hopes to conclude this analysis within the hour.

The argument which the Senator from Washington has been and is presenting is being offered in the hope that appropriate committees of the Congress will shortly undertake to recommend to the Congress the Nation a new social-security system to replace our prevailing system which was established in 1935. It is generally admitted by those who advocate and those who resist the passage of House bill 6000 and in this session of the Congress that our prevailing social-security system has failed so far short of achieving its objective, which is that of providing for the legitimate needs of American families, elderly and sick, and is so possessed of fundamental and basic faults and inequities, that this system must be replaced in time, and the sooner the better, with a system which would provide a comprehensive coverage and be maintained on a true pay-as-you-go or annual basis. In recognition of this obvious need the Committee on Finance has offered a resolution to authorize and direct the Administration to undertake a study of every possible social-security system. The Senator from Washington is of the considered view that this study and the resulting recommendations ought to be based on the basic facts of the case. He seems, however, to be the consensus of opinion that House bill 6000 ought to be and will be approved by the Senate next week. The Senator from Washington is offering his criticisms of House bill 6000 in an effort to be of constructive assistance to any group which may be formed to encourage future social-security improvements which are so imperatively required.

Mr. President, in recent weeks the junior Senator from Washington has carried on correspondence with a number of States throughout the United States for whose belief in and ability he has considerable respect. A good many of these persons to whom the Senator from Washington has written in an effort to be of constructive assistance to any group which may be formed to encourage future social-security improvements which are so imperatively required.

Mr. President, in recent weeks the junior Senator from Washington has carried on correspondence with a number of Members of the Senate in the several States of the Union which have a responsibility should support this amendment.
and Accident Underwriters Conference and as might be expected, your stand on the question of H. R. 6000 and the future of our social security system has commanded the respect of the entire insurance industry. I assure you that those of us who deal in products and who are concerned with the economic welfare of the people of this country are not entirely selfish in our opposition to further extension of the program. We feel that any system which completely ignores the insurance principle must eventually fail by its own weight and we are prepared to fight you your battle with the tools at hand.

Mr. Scherr goes on to say:

I am today sending the following telegram to Senators WALTER GEORGE, HARRY BYRD, EVGENE MILLIKEN, HUGH BUTLER, and ROBERT A. TAY.

The telegram is quoted as follows:

Hope that you act favorably on Cain resolution 92. H. R. 6000 not compatible with insurance principle and can virtually destroy our economy. Reconsideration of entire social security program essential to future of country.

Mr. Scherr concludes his letter by saying:

I appreciate the urgency of this matter and feel that the strategy which you have employed to defeat H. R. 6000 or to delay action on this bill represents a great service to the Nation.

Cordially yours.

Mr. President, I should like to say to Mr. Scherr, in reply, at this time, that the junior Senator from Washington has stated what he feels to be a fact, that H. R. 6000 will be passed in the Senate of the United States next Tuesday. The Senator from Washington is very grateful to be a medium through which the views of Mr. Scherr and other thoughtful actuarial students can be offered to the Senate.

The junior Senator from Washington feels that the contributions to be made by Mr. Scherr and his associates throughout this land will constitute a prime case to lay before whatever commission or group or committee is established by either the House, or by both branches of the Congress, to reexamine the system and make recommendations for the future with respect to the social-security program needs of the people of the United States of America.

Mr. President, under date of May 23, 1950, I received a letter which was signed by Mr. Charles J. Haugh, who is the secretary of the Travelers Insurance Co., with offices in Hartford Conn. I take it that probably there is no American living anywhere in this great country who does not recognize the name of the Travelers Insurance Co., to be a byword throughout the land. The secretary of that company is a gentleman who, together with his colleagues, takes our money, turns it over to our insurance policies in lieu of that money, and promptly proceeds to so invest and make secure our savings that when the policies come due we not only will receive the total number of dollars called for in the policies, but also we receive will have a maximum of purchasing power contained within them.

The Travelers Insurance Co.’s official point of view, then, with reference to the pending bill—and their views ought to be of concern to most Americans—is as follows:

I am writing in reply to your letter of May 12 relative to the social-security bill (H. R. 6000) which is about to be considered by the Senate.

As you clearly state, an effective revision of the Social Security Act designed to accomplish the objectives which are generally understood to be sought by such legislation can best be accomplished only after a thorough independent investigation by a commission comprised of individuals well versed in the field.

Unless and until a well-thought-out study is made, it is inevitable that the social security program will be subjected to peripheral assault of well-meaning, but ill-advised individuals who seek to remedy defects (either real or imagined) by legislation which may create two problems where only one grew before, and by individuals who seek to use the social-security program as a means of Government entry into any and every kind of business pursuit possible. In saying this, I do not in any way intend to cast aspersions on individuals merely to revise the social-security laws of the country. I merely want to stress the fact that the problem is an extremely technical one and as such, often opportunity to seriously involve an already complicated situation and also offers a medium for adroit individuals to seek in an indirect way to accomplish an objective which, if clearly made known, would be rejected vigorously by the Congress. It is only sound logic to seek the advice of technicians before reaching a conclusion.

Parenthetically, I would suggest that with reference to the present we are not inclined, as a Senate, to seek the advice of technicians before reaching a conclusion. We are determined to reach a conclusion on Tuesday next. It is simply the hope of the Senator from Washington, and now of Mr. Hall, of the Travelers Insurance Co., and a goodly number of others, that in the near future, after we have taken action on and approved H. R. 6000, we shall seek advice from the best qualified technicians of the United States and ask them, “What have we so recently done without first seeking your advice and your counsel?”

Mr. KERR. Mr. President—

The PRESIDENT-OFFICER (Mr. STENNS in the chair). Does the Senator from Washington yield to the Senator from Oklahoma?

Mr. CAIN. I am pleased to yield.

Mr. KERR. Mr. President, it is absolutely possible that H. R. 6000 represents the result not only of research by experts and technicians, referred to by the distinguished Senator from Washington, but also of the best qualified technicians of the Committee on Finance. And is it not possible that it might represent a great improvement over the present social-security law, and be far better than what we now have, and yet still not be the ultimate we hope eventually to have?

Mr. CAIN. The Senator from Oklahoma has posed a reasonable question, for which I think there is a reasonable answer. First of all, and I think correctly, that no study has yet been made by either the Senate Finance Committee, or by the technicians employed by that committee, of social-security systems other than the one which has been in force in this country since 1935. The junior Senator from Washington hopes and expects perhaps all the amendments offered by the Senate Committee on Finance to H. R. 6000 are designed to improve a particular system. What the Senator from Washington has been suggesting is that in his view anyway, it would have been better to examine other systems before seriously endeavoring to patch up a system which the proponents of H. R. 6000 have told us in the Senate must eventually, and they hope soon, be replaced by a different system.

Mr. KERR. Has the Senator seen the document of blue paper which has been placed on the desk of each Senator since the beginning of the debate?

Mr. CAIN. I have not personally seen it.

Mr. KERR. Mr. President, would the Senator be surprised to know that that document contains not a single one of the provisions of the present law with reference to our social-security system; second, a tabulation showing the difference between the present law with reference to each item of H. R. 6000, as passed by the House, and, third, the difference between the present law and H. R. 6000, as reported by the Senate Committee on Finance with reference to each item of H. R. 6000. Furthermore, is not the Senator from Washington aware that the Senate Finance Committee had the bill before it for some 3 months of hearing, and had the benefit of the recommendations of its own advisory council, which had worked on the matter for some 2 years or longer with reference to each one of those points?

Mr. CAIN. The Senator from Washington is aware in general of what the Senator from Oklahoma has just said. The Senator from Washington merely returns to the premise that no examination of any other possible system has been made. Or degree upon, so far as the Senator from Washington knows, by the advisory council, by the Senate Finance Committee, by the staff of that committee, or by any technicians employed by it, because the Senate Finance Committee conceived that it was confronted with a very practical matter—the need for improving, insofar as it was possible for them to do, the existing system.

Mr. KERR. Then the Senator would really be surprised to know that the advisory council studied all known social-security laws, and that testimony with reference to many of them was brought to the Senate Committee on Finance. If the Senator would read the documents to which he referred yesterday, as I recall, in terms of their weight, embracing the memorandum about the books that I have been speaking of, he would find that the facts I have stated would be apparent to him.

Mr. CAIN. The junior Senator from Washington expects pretty soon to be able to refer to any of the volumes of hearings and reports on the basis of his having read them. sir, from begin-
Mr. CAIN. No; the position is not taken that they have been completed, but neither is there a feeling on the part of the committee at this time that the studies were entirely without effect, or that no progress whatever was made, but that on the contrary, much progress was made, and based upon the studies and recommendations, further progress was made by the Finance Committee in its very extended study and hearings on the bill this year.

Mr. CAIN. The Senator from Washington has not maintained that some progress has not been achieved.

Mr. KERR. Then, if it has been achieved, does the Senator think that the Congress might be wise to take advantage of that which has been done and implement it by this proposed legislation, and yet look forward to a further continuation of the hopes that still greater progress may be made?

Mr. CAIN. At this time the junior Senator from Washington would say no means agree. The Senator from Washington, the Senator from Oklahoma, and other Senators know the approximate number of persons now paying in to the social security system. We know approximately the number of Americans who are beneficiaries from that system. We know that for a very limited period of time we are going to be able to take in money much more rapidly than we are required to pay it out. We are presently in a situation where the benefits to go to the beneficiaries of this system at this time purely, it seems to me, because we are financially in a position to do it. I think it was about 2 or 3 days ago that other Senators on this floor, in answer to a question relating to financial matters, said that in their view the reserve fund for the social security system is in jeopardy or in possible trouble for the next 4 or 5 years. Beyond that they would not venture a guess, because 4 or 5 years from now it stands to reason that many, many additional persons will be drawing benefits from the system.

Mr. KERR. The Senator is aware of the fact, is he not, that the committee took into consideration not only the fact that the fund had certain amounts of reserves, but that the compelling reason for the liberalization of the provisions of the law was not on the basis of the amount of money in the reserves, but on the basis of the need and the equitable considerations with reference to those participating in the program?

Mr. CAIN. The Senator from Oklahoma is scratching a fundamental point. I think we are all in agreement that we are only willing to double, on the average, the benefits to go to the aged who are members of the social security system, because in the past 15 years we have cut the value of the American dollar just about in two. Because we have a system today which maintains in much more than it has to give out, I in the immediate future we are in a much better position to move much more rapidly in liberalizing the benefits, without giving too much consideration as to what our financial involvement is to be possible or 5 or 10 or 15 or 20 years from now.

Mr. KERR. Then the Senator recognizes, does he not, that there is some considerable merit to moving, to the extent that we feel we can do so, to meet that increased need of those who now are benefiting or participating in the program?

Mr. CAIN. I feel that my Government, of which I and the Senator from Oklahoma, the Senator from Colorado, and all other Americans are a very proud member, is recognizing an obligation to the aged of America. In resisting in what I think is a reasonable way the enactment of House bill 6000, I do so because I hope that before very long there will be a admission by everyone of what is simply a fact, and that we shall establish in this country a social security system which will offer, by the way, because many persons ought to turn it down—to every aged American what is offered to other aged Americans, whereas our present social-security system, if continued in this country for a thousand years, would, in my opinion, never achieve that objective.

Mr. KERR. Senator will admit, will he not, that the bill now being considered is a great improvement over the present law?

Mr. CAIN. I think I have not maintained otherwise. What I have maintained is that whatever may be the merits of the suggested new law—and there are considerable merits to it, upon some of which the distinguished Senator from Oklahoma has just commented—it still remains a fact, and a very distressing one, that we are extending and broadening a system which we recognize possesses faults of such a nature that in time—and I hereby stress the rapid passage of time—it must be replaced with an entirely different system.

I am not unmindful of the fact that Members on both sides of the aisle of the United States Senate have been saying, in the course of this debate, “We are going to adopt a resolution authorizing the study,” and I am afraid the results of that study that I have done my best to provide in the Record certain arguments which that study group will want to examine, along with arguments offered before it by, I hope, thousands of grooved and interested persons in the land.

Mr. KERR. I thank the Senator very much.

Mr. CAIN. I thank the Senator from Oklahoma most sincerely.

Mr. President, I should like to read now the last several paragraphs of the letter written to me by the secretary of the Travelers Insurance Co. Its author, Mr. Haugh, concludes by saying the following:

When it comes to suggesting individuals who might be considered to serve on a commission to make a study of this nature, I am naturally inclined to lean to the type of individual whose training and experience is such as to afford him a good knowledge of the economic and administrative problems which it involves. A reason that I suggest consultation with the Casualty Actuarial Society and with the Society of Actuaries.

They can be reached as follows: Mr. Harmon T. Barber, president,
Casually Actuarial Society, care of the Travelers Insurance Co., 700 Main Street, Hartford, Conn.; Mr. Edmund L. McDonough, president, Society of actuaries, care of Bankers Life Co., Des Moines, Iowa.

I shall not suggest specific individuals within these organizations as a key to the solution for to the escape hatch themselves. Neither do I suggest that any such commission be comprised entirely of actuaries.

I sincerely trust that you will be successful in your efforts to have this matter thoroughly evaluated by a competent commission so that any modification of the Social Security Act which may be adopted will be adopted in the light of full consideration of all facts and with the understanding of such legislation, both immediate and ultimate.

Very truly yours,

Chas. J. Hatch, Secretary.

I would simply say to Mr. Haugh that I am not speaking only for myself, Mr. President, but I believe I am speaking for a good many people of like mind.

Those who have referred and I, likewise, will continue to be anxious and hopeful that any study group established and authorized by the Congress will understand the importance of the social security needs of the aged population of the United States, in order that in the years soon to come we shall have replaced the present system, with all its faults and all its inequities, with a system which will provide as much justice to one aged American as it provides to any other such person.

Mr. President, if House bill 6000 is passed, it seems to me that it will only result in paying old-age and survivors benefits to 2,700,000 persons during the coming year; but as the coverage expands and as the number of insured reach retirement age and claim benefits, then the threat of trouble will begin.

Mr. President, let me say parenthetically that we are not in trouble at this time with reference to our American society. No range of such figures is headed for trouble, and, in my opinion, it is quite proper to run up a flag of warning in this year of 1956.

The step rate rises come at intervals demonstrated? It is demonstrated from now. Then the race starts between the social-security tax income and the benefit outgo. If the benefit outgo exceeds the tax income, and if the trust fund is absorbed, and there is a very good likelihood that that will occur, then there will be nothing but brass knuckles and a club in the shape of increased taxes to keep the system from bankruptcy.

Mr. President, I quote now from page 33 of the report:

Estimates of the future costs of the old-age and survivors insurance program are affected by many factors that are hard to determine.

That statement is the truth, if the truth be known. And I have found that a tax schedule which * * * will make the system self-supporting as nearly as can be foreseen under present circumstances.

How is this masterpiece of self-support demonstrated? It is demonstrated by a series of actuarial tables, presumably prepared under the eagle eye of Robert Myers, the chief actuary of the Social Security Administration. Mr. President, every once in a while a person is entitled to make a guess as to the future, and I have a reason to believe that Mr. Haugh and I have made mine. If we look closely at these tables, however, we shall find escape hatches sliced along the way. In reading further from the report, on page 37 we find this statement:

The range of error in the estimates may be as great for contributions as it is for benefits.

Certainly that is a very reassuring statement.

Furthermore, Mr. President, we find the following on page 33 of the report:

Because of numerous factors such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement insurance program, benefit payments may be expected to increase continuously for at least the next 50 years.

Of that there can be no doubt. We know for a fact that the number of old persons in the country is increasing. We also know that the number who are taken into the system, the greater the number—always assuming that no trick conditions to throw old persons out of the system will be invented—who will claim benefits.

Mr. President, on what basis have the estimates been prepared? They are prepared by making a whole series of calculations, and those calculations, required to be made in the absence of certain obtainable facts, are based on a variety of factors—continued high employment being one of them. As one of the escape hatches, table 18, based on unfavorable economic assumptions, is inserted on page 50 of the report.

Then there are figured out low-cost estimates and high-cost estimates and out of these two we get a blend called intermediate-cost estimates. Says the report, on page 43:

It should be recognized that these intermediate-cost estimates do not represent the most probable ones, since it is impossible to develop such figures. Rather, they have been set down as a convenient and readily available single set of figures to use for comparative purposes. Also, a single intermediate figure is necessary in the development of a tax schedule which will make the system self-supporting.

If that set of sentences says anything, it says that intermediate cost estimates are not the most probable ones, since such probable figures are impossible to develop; yet, for all that, the intermediate figures are essential to figure out taxes that will make the system self-supporting. That is as clear as crystal, Is it not?

What all this fancy figure work comes down to is this: The Social Security actuaries do not know. They will not admit it in so many words and I can understand that—but the fact remains, they do not know.

We do know that the number of old people in the country is increasing. We likewise know that if H. R. 6000 passes, coverage will be expanded and the number of oncoming benefit claimants must inexorably expand.

But whether the social-security-tax income will be sufficient to pay these benefits Mr. Altmeyer does not know, and his actuaries do not know, and it is for example. That is why this question excites the curiosity and interest of many of us.

So we are going to proceed arbitrarily to increase benefits out of current income, now, and having a reason to know that the day must come when the brass-knuck taxes must be socked to the young boys and girls in their first jobs, who right now are being told, and encouraged to think, that they are paying for a kind of system.

There was a man, not so many years ago, who briefly succeeded with a variation of this scheme. His name was Charles Ponsi, and he eventually landed in Idaho. What the prospects are for our Social Security officials getting into deep trouble in the future is unknown at the moment.

What I have suggested is that if we look for some solid basis for cost estimates we do not find facts sufficient to give us reassurance about the future.

What I have said is that if we look for some solid basis for cost estimates we do not know any.

Remember that I have suggested that this is a Siamese-twin system and that, so far as the taxpayer is concerned, they must be considered together.

Lastly, I say that some of the things the report tells us about the year 1970, only 20 years hence.

Table No. 7, found on page 35, tells us that in 1970 the number of men and women is expected and over in the United States will be anywhere from 15,500,000 to 16,500,000. A wide range of estimate, I would say.

Table No. 8, found on page 38, gives us the estimated number of old people in 1970 drawing benefits—that is, the number of primary beneficiaries and the widows and the parents.

Then table 9, found on page 38, gives us the estimated number of old people in 1970 drawing benefits—that is, the number of primary beneficiaries and the widows and the parents.

Now I say that if the old beneficiaries run, according to these calculations, from a little over 6,000,000 to a little over 9,000,000.

In other words, Mr. Altmeyer’s lowest estimate of the number 15 and over in 1970 is 15,000,000 persons, almost 16,000,000 human beings. I refer to table 7, on page 35.

On the other hand, his highest estimate of OASl aged beneficiaries is a little over 9,000,000—to be exact, 9,117,000—table 9, page 38. However, it is sliced, 20 years hence, according to Altmeyer calculations, there will still be, at the very least, more than 6,000,000 persons 65 and over not drawing benefits from the social-security system.

Yet we are told in the face of these tables—whatever they may be worth—that the costs of old-age assistance may be expected to decrease.

To finish piecing out this jigsaw puzzle let us turn to the sacred wage record system.

Everyone who works in a covered category, however briefly, and who has paid social-security taxes has a wage record in Baltimore, Md.

Mr. Altmeyer told the Finance Committee last January—page 20, Senate hearings—that there are 80,000,000 in—
The truth is that the longer one looks at it the more it becomes apparent that aged human beings are not the concern of the system at all. What Mr. Altmeyer and his functionaries are concerned about are businesses and machinery. They have fixed up a giant’s cat’s cradle which only they can understand, and it is the cat’s cradle that they want to enlarge, expand, and entrench.

They hang on like grim death to their preposterous wage records and at this minute they have a bill over in the Public Works Committee of the House—H. R. 6000, each retiring in 1939 at age 65 with which to buy land here in the District and construct a building to put those records in.

You will hear people say, Mr. President, that one reason why it is impossible to change this system is that these 80,000,000 persons, living and dead, have paid taxes and hence have acquired a vested right in the present system.

Look a little closer at this so-called vested right, for it is something. Carefully examined, we find it a half-true, half-false, proposition. It is perfectly true that those 80,000,000 persons paid taxes for a longer or shorter time, but what is the character of the vested right?

An actuary, after careful scrutiny of H. R. 6000, gives me this picture about the value of benefits that thousands will receive:

Consider two men who earn $100 a month and $250 a month, respectively, from 1937 to 1957, each retiring in 1959 at age 65—which is a typical retirement age. Under H. R. 6000 the first man will receive a primary benefit of $50 a month; the second man, only $72.

A very conservative actuarial valuation of their future primary benefits, taking account of some probability of each having a wife or widow qualifying for benefits, would show the first man to get total benefits worth $7,500; the second worth $10,800. The first man has paid in $2,904 in employee contributions; the second, $600.

Interest on these amounts is ignored, as the value of the surplus actuarial valuation of the vested right is more than the interest. In tabular form the figures and their relationship are as follows:

<table>
<thead>
<tr>
<th>Average monthly wage</th>
<th>Employee contributions paid</th>
<th>Value of benefits to be received</th>
<th>Rate of contributions to benefits</th>
<th>Excess of value of benefits over contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.00</td>
<td>$296</td>
<td>$7,500</td>
<td>6.1</td>
<td>$7,200</td>
</tr>
<tr>
<td>$250.00</td>
<td>600</td>
<td>10,800</td>
<td>6.1</td>
<td>10,100</td>
</tr>
</tbody>
</table>

Note—It may be noted that the $200 man has paid a higher proportion of his benefits than the $100 man. But neither has paid a significant proportion of the $100 man’s benefits, which is part of the surplus actuarial valuation of the vested right in the present system. This is betrayed quite clearly in the employee contributions paid above, which are $296 for the $100 earner and only $600 for the $250 earner.

In other words, Mr. President, the so-called vested rights of many of these people are for benefits that will have to be sweated out of the hides of the younger men and women whose only benefits, in the future, look more than dubious.

All this vested right really amounts to is the fact that 80,000,000 persons, living and dead, have paid social security taxes in large amounts.

Why make such an excuse for getting deeper and deeper in an unjust, capricious, inflationary, and hopelessly complicated system?

Why not, rather, face the task, if we must, of paying back what those people have paid in, or of squaring the deal in which we were so deceived? Why pass a bill that we know is bad, designed in order to get the right answers, when the Senator from Colorado, Mr. Altmeyer, does not seem to have been very explicit on this point.

There are only about 35,000,000 workers who have any pay to report to the Social Security Administration. Indeed, I am told that it requires more than 6,000 persons to look after these records. I think I would.

Pamphlets we have, though small in number, paid in circulation, show these lumbering accounts of sums running perhaps to hundreds of millions of dollars.

I say that this system was a Rubik’s games. Goldberg, in his most extreme flight of fancy, never dreamed anything to equal what the Social Security Administration has done.

On these wage records, supposedly, are based all the distinctions that benefits are paid. But when these formulas have to be arbitrarily changed and benefits shifted in order to get the right answers, what is the value of all these records?

The value of all these curiously taxes in varying amounts. Why pass a bill that we know Is bad, designed in order to get the right answers, when the Senator from Colorado, Mr. Altmeyer, does not seem to have been very explicit on this point.

These 80,000,000 records are supposed to represent live accounts. Some of the persons with records in Baltimore may be and probably are, dead. But some method has been figured out to discard them, and the 80,000,000 are presumed to be alive, if not all of them kicking.

The Senator from Maine [Mr. Buxton] last January—page 30, Senate hearings—said to Mr. Altmeyer that the amount of money which the Federal Government had received from these pamphlets to groups that we think worth representing live accounts. Some of the records in Baltimore may be and probably are, dead. But some method has been figured out to discard dead people, and the 80,000,000 are presumed to be alive, if not all of them kicking.

Mr. Altmeyer’s rejoinder to this was as follows—page 31, Senate hearings:

What we have to do, of course, is to use the various avenues of public information. Some streetcar companies, for example, have given us free space for those cards you see inside of our cars that are not resorted to loudspeakers and that sort of thing. • • • We get out explanatory pamphlets. We send several pamphlets to groups that we think important. We have a very active program of local contacts with local managers. We try in every way to tell people what their potential rights are, but we do not have any way of maintaining individual contact with each one of these 80,000,000.

I am told that it requires more than 6,000 persons to look after these records. I think I would.

Mr. President, if this has seemed a lengthy statement I can assure the Senate that in attempting constructively to describe the almost fathomless intricacies of our present, and then making a truly fresh start, we have to say that we have made any such contention that we are presently paying as we go in connection with our social security system.

Expanding coverage however you will under the present system, but the day of reckoning must come. Have we not the moral fortitude and energetic imagination to face the truth today?

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I can only repeat what I said then and urge that the most serious consideration be given to what I have proposed. Let us not try to mortgage the future of our children. Let us halt where we are now and try to discover what is best to do. Let us do nothing further to encroach on it fundamentally a cheat, a dishonest system, that does not deserve the name of social security at all.

Mr. President, if Senate Concurrent Resolution 62 is not to be approved by the Senate, then the junior Senator from Colorado [Mr. MILLIKEN] for himself and the senior Senator from Georgia [Mr. GEORGE]. I know that if their joint wishes come true, our present social-security system will soon be replaced by a system which offers to every aged American what is offered to every other aged American. These two distinguished Senators have publicly agreed that there is no long-range cure for the fundamental weaknesses to be found in the pending bill which seeks to patch up a social-security system, 1935 model, which is neither now, nor can it be in the future, a reasonable or workable answer to the needs of the aged persons of America. The junior Senator from Washington will appreciate an opportunity to work with the Senators mentioned and others in looking for and establishing the right way to meet the needs of the aged who live now and who will live in the future in our great country.

Mr. President, it will take but a very few minutes to summarize my position concerning the pending bill.

Mr. President, when I made my statement on May 24 last, in introducing Concurrent Resolution 62, providing for an investigation of the social-security system, I offered a letter which I had written to several hundred persons throughout the country, persons who in one way or another are directly concerned with social-security problems and who had given a great deal of time and thought to them.

The letter which I wrote was as follows:

As you know the social-security bill (H. R. 6000) which passed the House last October, is now before the Senate Finance Committee and shortly will be reported out for Senate action. This bill represents the first major revision made in our social-security legislation since 1935, and it is an important piece of legislation. Although the bill has passed the House, the completed Senate bill three committee releases have specified what the bill will contain in respect to old-age assistance and expanded old-age and survivors insurance coverage and benefits.

After considerable thought, I have come to the conclusion that I cannot vote for a bill containing these provisions. Instead, I am urging that the social-security establishment be subjected to the most thorough and completely independent investigation and overhauling. This overhauling, it seems to me, should be undertaken by a commission, and carried out along the lines proposed by former President Hoover in his letter on social-security revision to Chairman Doughton of the House Ways and Means Committee a year ago.

There have become increasingly skeptical about the present system which excludes—and must continue to exclude—so many of today's aged from our social security and gives such large benefits to some who are making only token contributions. Back in 1935 when the Social Security Act was first passed, it was assumed that the insurance system with reasonable promptness would cover the old people and that old-age assistance (means test as a supplementary policy) would soon pass out. The reverse has happened. The groups covered by insurance have slowly expanded; relief for destitute old people has increased. What this amounts to is that social-security legislation has pushed many of the States, including myself, into insur- problems through jury-built relief plans, often practically unsupervised and depending, of course, on Federal subsidies.

We badly need a fundamental technical study that can lead to a constructive re-design of our social-security system. My own thinking is that the honest pay-as-you-go system with age the only qualification necessary is probably the answer. The benefit, I suppose, should be a certain number of dollars a month—small enough to indicate the normal expectation of other personal gains in the future, but with some significance in the income of the recipient. I set neither age nor figure; the Commission's work would have to give us the answer or the answer.

I would suppose that the benefits would be financed by an earmarked tax, from the lowest earning up to some maximum as the $3,000 now used in the limited, discriminatory tax now in current use. This simply means that the workers of the Nation are paying a tax to aid in the support of the old and by the earmarked tax each knows and is conscious of what he is paying. In no way should such a benefit be regarded as taking the place of personal thrift, nor does it take the place of local charity and relief. The system ought to be personal, and completely independent investigation and overhauling. This overhauling, it seems to me, should be undertaken by a commission, and carried out along the lines proposed by former President Hoover in his letter on social-security revision to Chairman Doughton of the House Ways and Means Committee a year ago.

The junior Senator from Washington has received from competent Americans from every section of the United States do nothing else. I think they will help to convince the Senate that the insurance people, among others—and to the insurance people generally I may say Americans everywhere in all confidence turn over their savings to be properly invested—are anything but unanimous in their support of our social-security system. This overhauling, it seems to me, should be undertaken by a commission, and carried out along the lines proposed by former President Hoover in his letter on social-security revision to Chairman Doughton of the House Ways and Means Committee a year ago.

Mr. President, I should like unanimous consent that a letter from Mr. Elgin Fassel, the actuary of the Northwestern Mutual Life Insurance Co. of Milwaukee, be made a part of my remarks at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:


Hon. Harry P. Cain.

United States Senator,

Washington, D. C.

My dear Mr. Cain: I have pleasure in acknowledging your letter of May 11, addressed to me personally and not to a committee, concerning social security. You state the you do not expect to vote for H. R. 6000 and instead are urging no change in social security at this time, and that there be an investigation and overhauling undertaken by a commission along the lines suggested by former President Hoover. Also you favor the pay-as-you-go method.

I have long felt that the accumulation plan is a mistake in the social-security system and that it ought to be on the pay-as-you-go method.

The concept that each generation ought to accumulate vast national funds with which to look after its own old age is a delusion, because such funds become political targets and are likely to fail of their purpose. In giving such assistance as may be desired to the aged and infirm, it is proper for the State to operate on the accumulation plan because it has the taxing power. This is quite a different situation from that of individuals providing for old age out of their own resources, and a plan for doing this ought to be done by saving in an accumulation plan.

If I had a vote it also would be against H. R. 6000, and I agree with you that a study and overhauling of the existing law would be advisable. If it is your idea that actuarial services would be of assistance on the proposed commission, I would refer you for suggestions to Mr. E. M. McConney, president, Society of Actuaries. The headquarters of the society are at 208 South LaSalle Street, Chicago, III., but Mr. McConney also is president of the Bankers Life Co., Des Moines 7, Iowa, and would accordingly be reached at the latter address.

A number of actuarial services have been actively associated with the social-security development. Mr. M. A. Linton, president, Provident Mutual Life Insurance Co., Philadelphia 39, Pa, has been in close association with the study of old-age assistance, life insurance, and other interests in this connection.

Yours truly,

Elgin G. Fassel.
Mr. CAIN. Mr. President, I may say that a number of the replies which I have received, and that I consult Mr. Linton, Mr. Williamson, and Mr. Hohaus, I have done. No reply has yet come to me from Mr. Hohaus, but I have letters both from Mr. Williamson and Mr. Linton. They are not opposed to the Economic Advisory Committee back in 1934 and 1935. He was also a member of the advisory counsel set up by the Senate Finance Committee during the Eightieth Congress as a result of the passage of Senate Resolution 141.

Mr. Williamson was for 20 years an actuary with the Travelers Insurance Co. of Hartford and, thereafter, from 1935 till his resignation in 1947, was actuarial consultant first to the Social Security Board and then the Social Security Administration. He is presently an actuarial consultant in private practice here in Washington.

Mr. CAIN. Mr. President, I may say further not to consume the time of the Senate I ask unanimous consent that the letters received by the junior Senator from Washington from Mr. Linton and from Mr. Williamson be read as a part of my remarks at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

DEAR SENATOR CAIN: Thank you for your letter of May 31 about HR. 6000. I am strongly in favor of enacting the bill as reported by the Senate Finance Committee.

Mr. CAIN. Mr. President, I may say in your letter of May 24 and I should like to deal with certain aspects in this reply.

This study requires persons with comprehensiveness, actuarial science as handled in private insurance, to avoid the deformities and the economic conditions and environment, of freedom. Since the report of an original Committee on Economic Security of 1934 and 1935, the Advisory Councils of 1937-38 and 1948, has been a steady and obvious avoidance of any full consideration of the subject. There has been rather every effort to avoid opening up the consideration of a full program for all the citizens—let it be clear that way, I think, that we are un-prejudiced observers.

I shall perhaps add a second letter later, but in this one I want to discuss the problem of slavery, to which the province of the actuary. A paper of mine on cost factors appeared in a social-security bulletin while I was actuarial consultant for the Social Security Board—in 1938. In 1947 after I had left the Social Security Administration, there appeared Actuarial Study Number 21, written and published, still with the Office of the Actuary—Social Security Administration—and by George Immerwahr, then in the Actuarial Analysis Division of the Bureau of Old Age and Survivors, now with the Monumental Life of Baltimore. The purpose of both reports was to make clear the range present in these cost factors and the essential unpredictability of costs over time in such a program as old age and survivors insurance. This is so fundamental an item that in spite of careful disclaimers as to the prophetic power in the actuarial section of Senate Report No. 1699, just off the press, the avoidance of certain important items tends to cause misapprehension. Thus while table 12 indicates low and high cases of the century respectively of eight and one-half billion and thirteen and one-fifth billion, on the assumption of no wage advance, optimists talk of 4 percent a year and pessimists perhaps 1 percent or 2 percent a year. Most administration discussion assumes at least double the wages—and through another application—or maybe half a dozen—of today's new start, it would be more rational in the expanding planned economy to expect twenty-five billion or forty billion as the annual costs at the century's end.

The population of that time aged 65 and over was in 1930 some 20,000,000, or it might be over 40,000,000. The census has recently corrected upward the figure for 1930 to a higher projection and another correction may well occur from the 1930 enumeration. Table 9 shows a low of 13,000,000 old-age beneficiares and as high of 30,000,000—but with gerontological maintenance of work to advanced ages, and the threat of great extension of life at those high ages and earlier retirement, the range may be 20 to 30 million and 100 million or 150 million million might be logical. If we had only $500 a year at the lower end as benefits and $2,000 a year at the upper, there would be a range of from $5,000,000,000 to $60,000,000,000 as the benefits range way out there.

Dollar costs have no definiteness off there in the distant future, but last year the outlay of two-thirds of a billion is about 1 percent of that top figure in the future. Percentage costs have a lot less of nothing can hide the speculation which is possible. The level-premium costs have an apparent definiteness that does not bring out sufficiently the range of the problem of collecting such sums in advance, and earning the interest on them. They do not tell us what we can do in 19 or more times many before 2000, but that in the years when benefits have piled up to the present the outlay of 50 percent more than the income could really be serious. Such guides seem to me like a New York street sign floating on an errant flying Dutchman in the Sargasso Sea.

Through the 15 years since the act of 1935 was passed, though, we have here warnings at each yearly interval that benefits were indeterminable and that it would be well for future monies to be put into the current time when we could know more nearly what current requirements might be, OASD has neglected them and has centered attention on the remote that could not know. It has seemed a strangely inverted concern, but we have been very sure that current costs were justified. This report, however, seems to open up a route of easy qualification, only six quarters of covered employment, with little as $300 earnings from employment as $600 earnings from self-employment—and perhaps affecting six to eight million persons in the next 3 years. Whether we regard it as a racket or not, it has all the earmarks, but it brings down to the current situation the indeterminations that affected the distant future heretofore. We might qualify only 1,000,000; we might qualify 6; we might have the minimum of $25 or even $20 a month for 40 years, with a minimum wage of 75 cents an hour—or at the rate of $125 a month—to give over $60 a month in benefits. We have indeterminable costs almost at once, as well as in the distant future.

If we begin to run into the values of the sociologists—the assurance of the American citizens of these devious folk ways so untried and so fundamentally unattractive to responsible citizens. How measure the reality of integrity, the power of the dollar of benefits for a penny of contributions—or less?

Public assistance has been the leading source of benefits to the aged and the dependent children—three times the payments last year that were handled through OASD. At very interest, the virtually no forecast is made for the major plan, while these serious studies have been developed for the minor one.

There are in fact four categories of the aged: 1, the recipients of OASD benefits; 2, States to $25 instead of $30 available for the recipients of two alone.

In short we have undependability both monetary and actuarial. The report of the Senate Finance Committee, and I have gone to this trouble to show how badly needed is the financial responsibility of men of
the right type in this Commission. There is internal evidence that the actuary is trying to tell his story in this report, but that he has not been free to bring out the long-run hazards sufficiently. The type of "select and limited" program was that of the assessment and fraternal insurances of the 1870's and 1880's, which have been unsatisfactory over the years for the relatively small groups which they involved. Large numbers of life actuaries regard this OASI as inherently of the same danger as the failures of care over a hundredfold.

Financial irresponsibility seems to me to characterize many of our present financial operations. The government to the existent aged are now dangled before the eyes of these old people and the qualifications are as few as they are for a fourth in this report. I expect that current unhappiness can be more serious in the next few years than a long-delayed nemesis.

I have covered much of this, with extreme brevity, in some of my testimony before the Ways and Means Committee and the Senate Finance Committee. It should not be just a debate, a showing up of flaws, though the flaws should be examined. It should be the sort of analysis that the British used to call a "Royal Commission." It should get the bauad's benefits, of 76 percent of the former percentage of pay roll costs and the absence of the population will still not be provided only 13 to 19 percent among the females. will be fully insured among the males, and the system was that of the assessment and fra-bling of benefits—though not handled that it was in the bad days of the depression, and absolutely different than it was implied to be, when all married women were regarded as dependents—essentially penniless—without regard to the earnings or property of the spouse.

So a major objective of the Commission's work is factual analysis not yet really attempted.

Sincerely,

W. RULON WILLIAMSON

DEAR SENATOR CAIN: I wrote you yesterday to bring out one fundamental point in connection with OASI—its unpredictability of costs, and that this unpredictability will be glossed over by such expedients as level premium costs, the use of percentage of pay roll costs and the absence of any really critical examination of these matters.

Today I wish to discuss very briefly too, the unsuitability of the use of employment and unemployment as a basis for our Federal program of national sharing. It seems to me that the program should be a program for all the citizens, so that for the aged we treat the two sexes equitably. In Report No. 1699, there is a little table, page 36, which shows that by 1970—20 years from now, only 66 to 76 percent of the persons aged 65 and over will be fully insured among the males, and only 13 to 19 percent among the females. That is—20 years from now the major part of the population will still not be provided for directly.

Today only 8 to 10 percent of the aged widows of 65 and over are drawing benefits from OASI. Since on the whole employed men and women and employment is uncommon for women from 40 onwards, the gearing of major dependence upon employment is not the way to grant benefits to such men and women. A substitute for the use of the employment of the husband and giving 50 percent of the husband's benefits, of 75 percent of the former husband's benefits, for wives and widows respectively is a method of discriminating against women.

Stealthy the administrators of social security have that the changing evidence to show that relating benefits to past records of wages has been unsatisfactory—requiring a doub-le amount of public assistance. This should simply—for the retired groups and the group to be retired later—and by implication cor-reetive for the clumsiness whenever the shoe pinches later.

The system does not fit the presumptive needs of women, it does not fit the presumptive needs of women, and actually different than it was implied to be, when all married women were regarded as dependents—essentially penniless—without regard to the earnings or property of the spouse.

The second of these letters is from George Immerwahr, now a consulting actuary, of Baltimore, but formerly chief actuary of the Bureau of Old Age and Survivors' Insurance in the Social Security Administration.

Again, Mr. President, in an effort to save time, and because I know the letters probably will be read by my colleagues. I ask unanimous consent that both of them be made a part of my remarks at this time.

There being no objection, the letters were ordered to be printed in the Record, as follows:

THE HALLE BROS. CO.
Cleveland, Ohio, May 17, 1950.

Hon. Harry P. Law.
United States Senate.
Washington, D. C.

DEAR SENATORS CAIN: I have seldom seen a position regarding the social-security problem which is so accurately in accord with my own views as the one you outlined in your letter of May 17. H. R. 6000 is an illustration of the dangers to the whole system which you speak.

You may remember that I was a member of the committee appointed by joint action of the Senate and the Social Security Board to study the Social Security Act in 1937-38. Although the members of that committee were deeply concerned over the fact that the funds paid in by employees, and in which the government is paying a very large share, are not being used by the Federal Government for every purpose. The answer of the political economists has been that to the extent that the Government has used these funds they did not have to borrow with loans of the United States for other Government purposes. Therefore, the position of the United States of America was thereby so much improved.

When the advent of World War II and the enormous public debt that was created as a consequence, it becomes clear that as and when the amount of benefits that were contemplated to be paid out were approached the maximum and then exceeded the collections, the Government would have to borrow to improve the deficit, and any underestimates or any liberalization of benefits.

The trouble with the whole program is that the accumulation of tax dollars for social security in the earlier years of the system produces so-called "trust funds" so large that the temptation is continually present to liberalize benefits and/or to increase coverage, and that the possibility of a pay-as-you-go system, with minimum subsistence coverage for all, is the only answer. That, I believe, is in the main the thesis of Mr. Williamson's position also.

I am particularly glad that you have taken the position in favor of a well-organized Commission to study the whole social-security problem. Such a Commission should be composed of—

1. Representatives of the actuarial profession.
2. Representatives of the Government.
3. Representatives of business.
4. Representatives of labor.
5. Representatives of the general public.

Care should be taken that the Commission's personnel should be nonpartisan in character so far as it is possible, or at least balanced as to the principal political parties. Such a Commission might well be expected to take a full year or two to arrive at conclusions.

A word about my observations concerning the previous Social Security Commission on which I served—I was impressed with the high character, ability, and conscientious attitude of the majority of that special committee. If there was any unfavorable aspect to that committee, it was the absence from most of the committee conferences of the representatives of labor.

When sending a copy of your letter to the chairman of the Social Security Committee of the National Retail Dry Goods Association and the Social Secu-
What seems most important for me to pass on to you now is some vital but little-known information concerning the Social Security Administration, especially in connection with its tactics in furthering its aims. These must be appreciated if a proper course of action is to be taken.

First of all, you may be aware that a good deal of the money paid to the Social Security Administration to cover up one mistake with another, to divert attention from the real causes of our social security system's defects, was well below the level actuarial cost of maintaining it. When I was chairman of the Senate hearings on social security, I recommended for correcting the program. If the social security system were ever to be self-supporting, it would be necessary to cover the social security system from scratch. As you probably know, I served on the actuarial staff of the Bureau of Old-Age and Survivor Insurance for 7 years, ultimately being made chief actuary for the Bureau. When I left, I was convinced that the whole social security system was too important to be tampered with.

A thorough, independent study which will go to the heart of the problem and to its fixes is required. The Social Security Administration we played a double game; we told Congress that the tax rates were too low for the benefits, and the employee taxes represented such a small proportion of true cost that the system could not really be called contributory in any true sense. But the chief of the Social Security Administration went on and still goes on; in fact I recall one time when I was told by Commissioner Altmeyer that he would not agree that the tax rates were not merely as contributions but instead as "premiums," to convey even more expensive the idea that the worker pays the cost of his benefits.

Second, the Social Security Administration wishes that its system be locked to as close to the present scale of contributions for retired persons and survivors and not merely the source of a subsistence benefit on the whole, but that it would fall back if all else fails. If a man who had been earning $5,000 a year writes in to the Administration and complains that his $45-a-month benefit is too small, in the meantime he is not earning any income, and if he is an unfortunate fellow who had been earning only $1,200 or $1,500 a year and who, therefore, had probably been unable to lay aside for himself a substantial additional amount in the form of savings or invested in some form of stocks or other perhaps in an owned home. We would tell him that because the cost of social insurance benefits is a substantial amount and there was a rising number of beneficiaries under such a system in its early years is a very small proportion—say one-eighth or one-tenth—of the ultimate number, such a system appears to be cheap even though a large actuarial cost is accruing, and it is easy to promise benefits at an ever-increasing level without the public realizing the cost to which it is ultimately committed. The proposed method of financing the benefits of H.R. 6000 by employer and employee contributions which rise at the rate of 1½ percent to 3 percent by a series of scheduled increases is entirely unrealistic. All too many people have the idea that these increases will not place as scheduled unless either future disbursements rise faster than scheduled increases are promised with the contribution increases—and either of these conditions would render the scheduled increases insufficient to make the system self-supporting.

The contribution increases which had been scheduled for the existing benefit law did not take place as scheduled, so that today's contributions fall considerably short of indicating the true cost of the system. Social Security Commissioner Altmeyer will tell you that the idea is to favor the man far above that figure. and that actually for himself a substantial additional amount for himself a substantial additional amount for some years, he should have laid aside for himself a substantial additional amount in the form of savings or invested in some form of stocks or other perhaps in an owned home. We would tell him that because the cost of social insurance benefits is a substantial amount and there was a rising number of beneficiaries under such a system in its early years is a very small proportion—say one-eighth or one-tenth—of the ultimate number, such a system appears to be cheap even though a large actuarial cost is accruing, and it is easy to promise benefits at an ever-increasing level without the public realizing the cost to which it is ultimately committed. The proposed method of financing the benefits of H.R. 6000 by employer and employee contributions which rise at the rate of 1½ percent to 3 percent by a series of scheduled increases is entirely unrealistic. All too many people have the idea that these increases will not place as scheduled unless either future disbursements rise faster than scheduled increases are promised with the contribution increases—and either of these conditions would render the scheduled increases insufficient to make the system self-supporting.

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though even here are various administrative difficulties on the part of both Government and employers that are not generally realized. But to extend this method to the myriad earnings, the small earnings of marginal self-employed persons is a process which can be attempted only with a great degree of time and cost. But even for the partial extension of payroll tax coverage contemplated in H. R. 6000 we find numerous difficulties on the part of both Government and never will be perfected. Even for the attempted only with a great degree of trouble and expense, and the quite intenable formula of taxing the self-employed by one and one-half of the employee rate.

Since social security is really a charge on the country as a whole, why not recognize it as such and finance it by adding the ear-marked tax to our existing individual income-tax system? The machinery for this system is already well developed; it covers income earners of all types, whether employer or employee, farmer or factory worker or investment holder, and it leaves out the tiniest among us. Under $600 a year, which is a nuisance to tax for social-security purposes or otherwise.

The ready-made and suitable form of taxation in favor of the social-security program and the second, that the employer pays part of the cost of it. If the employer tax is largely passed on to the consumer; that is, to the general public. Nevertheless the small-earner’s argument is one which has continually been the Social Security Administration’s in one way or another of compromising and others. The idea is to make labor think the other fellow pays.

Fourth, the incomplete job coverage, in-eligible under the payroll-tax method, forms a very convenient scapegoat on which the Social Security Administration can place the major blame for the social-security program’s shortcomings. When asked by the Senate Finance Committee why only 2,000,000 out of 11,000,000 people over 65 are receiving beneficiaries in the immediately ensuing years. The wage-record system, for all the me-

contributes to the same financial hazards on the part of both the Government employees who have had ax-

Social Security Administration has encour-

u use, to which the public is accustomed. One might very easily think that a commission could do the real work. The data which the Committee’s advisory council which studied the subject in 1948 was independent. The appointed members were those which the Social Security Administration wanted them to see, and I only officially sanctioned data and to hear persons who serve on this council with an expression of his views, and, as I have already indicated, I feel it necessary to have a study of this problem Is wasted. I should propose that the Senate Finance Committee why only 2,000,000 out of 10,000,000 people over 65 are receiving beneficiaries in the immediately ensuing years. The wage-record system, for all the me-

social-desirability and actuarial equity. Other officials protested that if we adopted such a proposal, we might become unable to finance the whole program. As it is, this system has become not a means to an end but an end in itself.

The need for a study commission

The most unfortunate thing the Senate could do would be to pass the bill with the supposition that it would investigate its shortcomings later. Obviously, if it approves the bill, it will not hurry to take up a study of its provisions. But more than that the fact that the passage of this bill now would make it much more difficult and costly to develop the political opposition to a bill in the future. The real swing next to impossible to lower benefits, if the Senate desires now to go to a uniform benefit system, it can do so now by setting the uniform benefit at about $45 a month, but if now this bill is passed and then a uniform benefit is decided upon, the benefit level will have to be much higher.

It is safe to say that no really independent study of this subject has been made since the enactment of social security. There are too few really well qualified persons on the Senate Finance Committee’s advisory council which studied the subject in 1948 was independent. The appointed members were those which the Social Security Administration wanted them to see, and I only officially sanctioned data and to hear persons who serve on this council with an expression of his views, and, as I have already indicated, I feel it necessary to have a study of this problem Is wasted. I should propose that the Senate Finance Committee why only 2,000,000 out of 10,000,000 people over 65 are receiving beneficiaries in the immediately ensuing years. The wage-record system, for all the me-

You ask me in your letter how an appropriate study commission should be formed, and I have all indicated. I feel it should include persons who work with students, drawn from a variety of fields, persons who can approach the subject with- out being influenced by vested interests, persons who can devote extended full time to do original work.

Once this commission is formed, it is es-

Every one was competent. The people who have had experience with this program have been permitted to appear, with their presence and views held confidential. Some very interesting and valuable testimony could not have been furnished by some present social-security employees whom I know, if this protection were not given. We have no confidence in the record usually have a more genuine interest than many of the witnesses who appear as the case with the 1948 advisory council, the whole project is wasted. I should propose that the Senate Finance Committee why only 2,000,000 out of 10,000,000 people over 65 are receiving beneficiaries in the immediately ensuing years. The wage-record system, for all the me-

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Yours very truly,
Mr. CAIN. Mr. President, in conclusion, I have two groups of letters before me. The first group consists of six letters. Each one of them is from a different type of organization, person or group in this country. One of the letters is from the National Association of Accident and Health Underwriters. The second letter is from the Occidental Life Insurance Co. The third letter is from the board of pensions of the Methodist Church. The fourth letter is from the Insurance Economics Society of America. The fifth letter is from Mr. A. R. Findley, who is serving as chairman of the social security committee of the National Retail Dry Goods Association. The sixth letter is from an actuary of an insurance company, which touches upon the necessity of a study by a disinterested technical staff.

Because I think such letters are of real and positive interest to all members of the Senate, I ask unanimous consent, sir, that I may be permitted to insert all or portions of the Record as part of my remarks at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

INTERNATIONAL ASSOCIATION OF ACCIDENT AND HEALTH UNDERWRITERS, Chicago, Ill., May 19, 1950.
The Honorable HARRY P. CAIN,
Senate Office Building, Washington, D. C.

DEAR SENATOR: This is in reply to your letter of May 12. May I commend your willingness to vote favorably for H. R. 6000 as it is now reported to the Senate by the Finance Committee, and your preference for a resolution that the social security establishment be left as it is, pending a thorough and completely independent investigation of its purpose, present status and future development.

I suggest that your resolution contain three major provisions:
1. H. R. 6000 should be deferred pending an investigation of the philosophy of social security, the national character of social security and its dominant characteristics as contrasted to the present system of OAS and public assistance. This should come before the mandamus to the investigatory group.
2. The personnel of this investigatory body should be appointed by any employee of the Social Security Administration or the Federal Security Agency, because in all likelihood, such an individual would be predisposed to recommend, prejudicially, a continuation and expansion of the present system. I would recommend that the following persons be named to the investigatory group: Mr. W. Rulon Williamson, a Mr. Calhoun, and Mr. Alfred Guerin, the latter a staff member of the administration.
3. The method of study should be independent, fair and impartial; should allow at least one year's time to prepare a report, and should utilize and accept opinions, offered by conference method, from leaders in government, business and labor. Leaders in agricultural and consumer groups should also be consulted.

My personal opinion is that our present system has been shaped entirely and constituted with a system of social budgeting (national sharing), providing a floor of protection against inability of individuals to attain their own security. Before living became so complicated and expensive for the aged to do odd jobs around the farm, or to help with the children, and to perhaps help with sewing and such small jobs. There were not the complications with the old people, and work was carried on without the specialization that has now come to be widespread.

There should not be any conflict or confusion between proper social security and the exercise of personal industry and thrift. Social security should provide protection, the floor of subsistence to replace reliance upon charity and public relief. It should not provide the individuals having the right and opportunity to raise themselves to such level of security as his industry and the dictates. If social-security benefits are ever made acceptable as a standard of security, the will to work will be weakened and discouraged.

In 1935 the first Federal Social Security Act was passed providing monthly benefits for retired employees which was amended in 1939 to provide benefits for specific dependents. It was recognized that it would be a long time before the so-called old-age and survivorship insurance would be adequate to provide for aged. To supplement the old-age benefits, so-called assistance was also provided which was financed jointly by the States and the Federal Government.

The old-age and survivorship insurance is all Federal. The old-age assistance is operated by the States with varying degree of rules for receiving such assistance. Each State decides how much property or other resources it may have. The Federal Government contributes one-half of whatever the State pays each person. This, of course, has resulted in some States paying larger proportion of their aged people receiving such benefits varying from about 13 percent in Ohio to nearly 90 percent in Louisiana. It also resulted in the wealthier States receiving more assistance from the Government, since they match the number of dollars that the States pay out.

At the present time there are less than 2,000,000 receiving old-age insurance benefits; however, there are nearly 3,000,000 are receiving old-age assistance for which they paid nothing. The average individual in that group is nearly twice what is received under the insurance plan. It is hardly fair to pay twice as much to the ones who contributed nothing.

House bill 6000 is a new Federal Social Security Act. Under the present bill about 35 percent of the men and 5 percent of the women over age 65 are covered. Twenty years from now under the present bill, about 55 percent of the men and 12 percent of the women will be covered. Under H. R. 6000, which is the new bill, now under consideration, 20 years from now approximately 70 percent of the men and 15 percent of these women will be covered. It is obvious from this that both the present bill and the one that is now before the House are far from adequate to the problem of our people. If the social security plans cannot operate as private insurance companies do and build up reserves to take care of the future benefits, each generation of working people must take care of their own old people; that is, the ones who are now currently dependent, just as they must take care of those who are now not old enough to work. To promise large benefits payable in dollars years from now, means nothing if the dollar will not be worth what we will purchase. Our standard of living will depend upon production, and the standard of living 50 years from now will also depend upon production 50 years from now, regardless of whether the average income is $2,000 or $2,000 a year. Everyone knows that it
takes $5 now to do what $1 would do 10 years ago.

The present old-age security plan is discriminatory in favor of those who have more. The honest laborer, the small-business man, and school teacher receive nothing from our present social security unless they are willing to base their entire life's income on the chance of living to be paid Social Security when they retire years hence, and which may or may not, most likely not, be sufficient to provide any reasonable standard of living. The current tax collections which are made from the working people are sufficient to provide a floor of protection to the small-income-tax bracket in favor of the worker who makes the marginal contribution. It discriminates against the farmer and the small-business man. It discriminates against school teachers and State and municipal employees. The present bill is inadequate.

THE BOARD OF PENSIONS OF THE METHODIST CHURCH,

Dear Senator Cain: I have your letter of May 16 about the extension of the social-security act (H.R. 6000) which, if I understand correctly, has already been reported out for action.

I thoroughly agree with you that the whole social-security program needs re-vamping in the interest of national security. Wholesale adventures in socialism (which seems to be the political passion of the moment), can involve us in a vast mass of practically invisible contingent liabilities that can in a few years outrun the published Federal indebtedness.

Careful restudy of this fundamentally important concern of the Nation is a must item.

Knowing something of the results of far-reaching social-security schemes in Australia, Great Britain, and elsewhere, I am much inclined to think that we could go on the rocks just as hard as they have, unless we take counsel with wise actuaries who are capable of taking an unbiased view of the total projections. The commission recently headed by ex-President Hoover would seem to be in order.

A pay-as-you-go system would be much more realistic and hard-headed than the present procedure. Those who work for wages should bear the current cost of a basic pension for all who cannot any longer work. On that basis, every family would be brought to realize that the wage earners and not Santa Claus are the real carriers of this social responsibility. The idea that it can be cared for painlessly is bunk.

Your thoughts on this subject, as expressed in your letter, are quite in line with mine.

Cordially yours,

THOMAS A. STAFFORD,
Executive Secretary.

INSURANCE ECONOMICS
SOCIETY OF AMERICA,

HON. HARRY P. CAIN,
Senate Office Building,
Washington, D. C.

Dear Senator Cain: I deeply appreciate the opportunity given me in your letter of May 15, 1950, to express my views relative to H. R. 6000 and I am delighted to note your reaction and your approach to the problem of old-age survivors insurance.

You are to be congratulated upon your forthright stand in this situation and I am pleased to give you my thoughts in an attempt to solve a problem that requires an immediate solution.

We should not expand the Social Security Act now operating on a false basis until a thorough study is made of the act since its inception in 1935. What is needed is an independent commission with authority and with adequate funds to ascertain the best method for handling the problem of caring for the aged. I submit that a study on the present law is not the answer.

I agree in your think relative to an honest pay-as-you-go system which could be kept on a supportable basis, thereby keeping the cost of social security before the people at all time and not creating a further debt burden to pass on to the future generations.

The Commission which you propose should be composed of men of standing with no prior connection with the Social Security Board. In the past too many advisory councils on social security have been dominated by individuals committed to the continuation and expansion of the act.

This matter is of vital importance to our American way of life and I am delighted that you will lead the country in the correcting a piece of legislation that has dangerous implications for the future of our country.

I hope you will be successful, and if I can be of any assistance, please do not hesitate to call on me.

Sincerely yours,

A. RAY FINDLEY,
Vice President and Treasurer.

MASSACHUSETTS INDEMNITY INSURANCE CO.,

HON. HARRY P. CAIN,
United States Senate,
Washington, D. C.

Dear Senator Cain: My morning's mail brought letters from Mr. Williamon and from Mr. Pauley, both referring to discussions or correspondence with representatives of our country's social-security structure. This is just a note to express my strong agreement with both of the propositions. The Social Security Commission should weigh the faults of our present structure against the desirability of the type of immediate deepened minimum coverage which has been so decried.

We have had studies of our social-security system by able and disinterested men, but the truth is that the value of their studies is clouded because they did not have the services of a disinterested technical staff. I feel that one of the most needed change services that could be rendered to our country would be the institution of such a study with a proper independent staff. I hope that your efforts bear fruit.

As a matter of possible interest I am enclosing a copy of a statement submitted to the Senate Finance Committee this spring.

Yours very truly,

JARVIS PARLEY,
Managing Director.

WELDWOODS STORES INC.

HON. HARRY P. CAIN,
Senate Office Building,
Washington, D. C.

My Dear Senator: I am so impressed with the cogency of your arguments and the conciseness, as well as the completeness, of your presentation that I am constrained to volunteer my view, even though you have not asked for them.

By way of introduction and background, I should like to state that I am now serving my fifth year as chairman of the social-security committee of the National Retail Dry Goods Association, and am also a member of the United States Chamber of Commerce. I have given a good deal of study to social-security problems (H.R. 6000) and the significance of the changes proposed therein.

Quite some time ago, I arrived at the same conclusion you have so admirably set forth in your letter. In fact, at a meeting of the directors of NRDGA held last January, I argued at some length that the association should adopt these conclusions as its policy. While many of those present agreed that such a policy is the only logical conclusion, they felt that the association could not publicly take such a position without taking a poll of its members and that extended education may precede the taking of such a poll.

There is no question in my mind but that you are on the right track. I sincerely hope that the arguments of yourself and others of a like kind may prevail with the Congress can be prevailed upon to authorize a thorough study prior to adoption of any amendments as contemplated in H.R. 6000.

May I have your permission to send copies of your letter to the members of the NRDGA social-security committee, some 20 in number? I think it would be helpful in crystallizing their thinking.

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CONGRESSIONAL RECORD—SENATE
JUNE 16

8756

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In support of these opinions it is useful to look at the reasons why our social-security laws were enacted. They were designed to postpone during his life the possible loss of the income upon which he relies for the maintenance of himself and those who depend on him. If he should become blind, widowed or, and children are orphaned, and our Congress enacted legislation with the goal of providing a minimum income in the future. Even if the present bill were enacted, however, our social-security structure would fall far short of that goal, partly because the full benefits of the law have been postponed for a generation and partly because our accounting structure is an example of the Congress' will.

The key of your problem is uncertainty as to what is being asked to do. I suggest most strongly that the solution of that problem is to make the calculation as of today, not as of some date many years from now. Give the benefits now, to the participants would be reduced if there were first developed a substantial reserve whose interest earnings can help some of the ultimate cost of the benefits. The principle of individual equity—the concept that the benefits to each individual should refer directly to his personal contributions, so that no one would have to pay for a benefit he did not contribute—is not one that we are completely honest with ourselves I think we must recognize that a part of the reason for deferring the benefits is to maintain the full cost of social security;

The concept of individual equity—relating benefits to contributions—undoubtedly has political attraction. Individual equity is an essential characteristic of voluntary, private insurance operations, because in our democratic and competitive world insurance policies, like any other commodity, a buyer is only satisfied if the purchaser is satisfied that he will get his money's worth. In one sense it is a compliment to our private insurance companies that the sound principles and policies which they developed in their voluntary operations were considered to be necessary in the public service. The full benefits of the law have been postponed for a generation. It is a high compliment to our private insurance companies that the sound principles and policies which they developed in their voluntary operations were considered to be necessary in the public service.

Our whole progressive income-tax structure is an example of the Congress' willingness to depart from principles of individual equity when it feels that some greater benefit to society can be obtained. The third reason for deferring benefits—the postponement of cost—has already served its purpose: if the tax burden is now so heavy that starting 1950 CONGRESSIONAL RECORD—SENATE 8757 one who was thoughtful and kind enough to write to me in reply to his letter of May 12. I think the inclusion of this group of 26 letters from students of the social-security question in America will complete the record on the pending bill which the junior Senator from Washington, in all sincerity and with a complete sense of humility has attempted to establish. Therefore I ask unanimous consent that the 26 letters to which I have referred may be printed in the Record at this point in my remarks. The next three letters were ordered to be printed in the Record, as follows:

WASHINGTON NATIONAL INSURANCE CO.,
Hon. Harry P. Cain,
Senate Office Building,
Washington, D. C.

Dear Senator Cain: Thank you very much for writing me as you did on May 17 regarding H. R. 6000.

I agree with everything you say in your letter. I believe that any social-security law needs a complete and thorough study and that the overhauling by experts in the field, including those such a study should investigate the feasibility of placing the law on a pay-as-you-go basis. The men bear any study commission or any other expert body outside of the Government, so that the commission would not be controlled by experts now employed in the Social Security Administration.

The inequities as to benefits and taxes whereby the young workers carry the burden of the older workers should be corrected and such benefits and taxes kept to a minimum to encourage savings through private channels. As a matter of fact, I personally feel that our current type of comparatively low social insurance, and all people should be encouraged to save through presently existing private sources, such as banks, building and loan associations, Government bond savings, life insurance, etc. The Government should step in only where the States fail, and then only on the basis of a means or needs test.

The tax burden is now so heavy that starting 1950 CONGRESSIONAL RECORD—SENATE 8757 a new business is often abandoned because of the compulsion of any kind is in the direction of socialism, and all people should be encouraged to save through presently existing private sources, such as banks, building and loan associations, Government bond savings, life insurance, etc. The Government should step in only where the States fail, and then only on the basis of a means or needs test.

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most of them would agree with you. I feel that your letter is such an important con-
tribution to the subject that I am sending a copy to each of our members. No doubt you
will have read other letters on the subject.

You have evidently given this question an unusual amount of thought and study, and
I want to commend your courage and candor.

Regarding your recommendation that the House bill, it will not even attempt to cure the
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We badly need, for example, a critical examination of the data derived from the experimental systems and assumptions underlying statements such as the following, which was made at the recent hearings before the Senate Finance Committee: "The workers are insistent that they receive adequate benefits and additional types of benefits which are now included in the social-security law."

"Properly financed and administered, retirement benefits can be of much significance in the organization of industry as a means of preventing strikes and promoting industrial peace." 

The scope of the study must naturally go beyond the walls of the Ways and Means Committee's technical study. There has been, to put it mildly, resentment in many quarters where the study covered areas that were not covered by systems such as railroad, civil service, and military retirement plans. The underlying problems of security should mark the scope of the study, and this requires an appraisal of all the existing mechanisms, by whatever name called, which affect the broad underlying problems of security.

In the opinion of many, there are fundamental differences in philosophy and practical justification of the various governmental systems. Certainly, it is exceedingly important that all be appraised by the Commission if it is to effectively survey the underlying problems of security. It is of great importance that the bipartisan approach, the only one that will work, be followed, and that the collection of conditions which affect the workers and their families be determined. We are to include everybody under the present plan, imagine the difficulty of reporting this information, and the time and money that would be required.

1. Old-age benefits should be applied alike to every person who has reached the stipulated age. There is manifestly nothing either fair or humane in setting this age at some and not at others, excluding others. We would not differentiate between those who are very well off financially, and those who are very much less fortunate. Nor would we require anyone to stop work in order to qualify. Each time elaborate conditions are arrived at in this way would ultimately be paid by all of us pretty much in proportion to the prices of the products. Since nearly every article and every service we all buy is manufactured or provided through the efforts of corporations, it would seem that a tax arrived at in this way would ultimately be paid by all of us pretty much in proportion to the money we spend, which is in turn related to our income.

2. The amount of the old-age benefit is exceedingly important. It should be great enough to make certain that life can be sustained with some simple comforts, and without the recipient becoming a burden upon relatives and friends, insofar as the bare necessities of life go. But in no case should the amount be great enough to encourage people to draw old-age benefits rather than work when they are perfectly able to work. If it were necessary not to state these basic considerations for selection of an amount for old-age benefits, it would not be necessary to support a person in one part of the country is much less than in another part of the country, also, that the matter of health has to be considered.

3. We would put the whole payment on a pay-as-you-go basis, requiring at least two basic defects in the present method. In the first place, the idea that there are true contributories to every corporation or contribution is fictitious. Inasmuch as the collections have been put into Government bonds, which we owe to ourselves, and which will be paid back to ourselves, it simply means that we, collectively, have spent the money that has been collected and are going to have to produce it all over again in sufficient amount to pay benefits.

It seems to us a lot more sensible to assume that we are really on a pay-as-you-go basis, and set up a minimum amount of cash which must be maintained at all times to cover variations in collections as compared with payments, but not go beyond that. It does not seem to us that it should be considered as insurance in the usual sense because the only way of paying ability to earn and pay the necessary amount when the time comes.

4. This brings us to the matter of collections. As it is both impractical and very expensive to go on as at present, we suggest the money be collected by taxation in a way which will eventually come out of everyone's paycheck. While weekly remittances from the success of the Swartwout Co., are not particularly anxious to saddle taxes on corporations, it would seem as though a comparatively simplematter to satisfactorily improve one's age, and then devise a means to stop the payment with death.

5. The amount of the old-age benefit is exceedingly important. It should be great enough to make certain that life can be sustained with some simple comforts, and without the recipient becoming a burden upon relatives and friends, insofar as the bare necessities of life go. But in no case should the amount be great enough to encourage people to draw old-age benefits rather than working when they are perfectly able to work. If it were necessary not to state these basic considerations for selection of an amount for old-age benefits, it would not be necessary to support a person in one part of the country is much less than in another part of the country, also, that the matter of health has to be considered.

6. We would then do the entire administrative job through contract. The sole function of the Federal Government would be to see that there was a uniform law which did truly apply to every single citizen who had reached the qualifying age, and then collect the money and distribute it to the States. It would take a very small office force to do this job. The distribution to the States would, perforce, be in proportion to the need of the States, which would depend upon certified statements each year as to the number of people qualified to receive benefits and to the amount needed by each State. It would be the job, for example, of the Government in the village in which I reside, to receive and check applications, and...
then furnish such a list to the State. It would cost very little to do this and the State, on its part, would also have a relatively small clerical job to maintain such checks as were needed to verify the correctness of the list and then pay out the money according to these lists.

6. Finally, so that everyone could understand what was going on, and be able to recognize objectionable practices if they crept in, we would like to see the Federal Government publish an annual financial statement. Our first thoughts are that such a statement would show, on one sheet and with the statistical data of the United States, the following information:

(a) Number of qualified recipients as of the year end.
(b) Estimated percent of population represented by these recipients.
(c) Dollars paid to the recipients.
(d) Dollars received from the States.
(e) State administrative costs, including local municipalities.
(f) Percent of State administrative cost to the payments to the State.
(g) Total Federal administrative cost.
(h) Percent of Federal administrative cost to either the money paid out or money received.
(i) Total dollars paid out.
(j) Total dollars received.
(k) Balance in cash at end of year.
(l) Tax rate for current year.
(m) Proposed tax rate for next year.

With this information available, reasonably promptly after the year end (and it should be a simple thing to provide that), the working and cost of this old-age benefit plan can be determined by anyone.

In order to maintain the minimum cash balance necessary in the fund, the rate of taxation would have to be revised each year. Again, it seems to us, would be a very simple thing to figure, and one that would be easily understood by everyone.

Again we want to thank you for your courtesy in asking our judgment in this matter. We are vitally interested, all of us. The group in our company consists of 210 people in shop and office, and we do about $2,500,000 worth of business each year, in the industrial equipment field. We also share in the profits of the company. We want to keep on doing that, and we want to do it in a way which will be better and better for us, and better for everyone else, and at the same time with a minimum of hardship when our folks or others reach the age when they are no longer able to work.

Sincerely yours,

D. K. SWEARTWOUT,
President.

CAMBRIDGE, MAss., May 16, 1950.

Senator Harry P. Cain.

Dear Senator: I have not made a detailed study of H. R. 6000. However, I have read the bill which Congressman Kennedy sent me several weeks ago at my request.

I am strongly opposed to H. R. 6000 for the following reasons:

1. Only a comprehensive actuarial study can provide a reasonably reliable estimate of the future annual disbursements under the bill. However, it is obvious to me as an actuary, that ultimately the annual disbursements will be taxable.

2. The bill provides death and old-age economic protection for 100 percent of the American people but is applicable only to the cent of the people—perhaps 40 to 80 percent of low- and medium-income people whose economic need and moral claim to such protection are equally as great are excluded from the benefits. However, they are not excluded from the expenses. Either directly through taxation to make up the difference between the disbursements and revenues provided in the bill; or, indirectly through the increase in the cost of consumer goods that necessarily results from the bill, these excluded people will contribute to pay the costs. H. R. 6000 does broaden the base to cover many groups that are not within the benefit provisions of the present social-security laws. It would not be difficult to devise a procedure and, I believe, a more equitable law than the one that would cover all of the people who have need for such protection and who have an equally valid moral claim for it.

I strongly recommend:

(A) Rejection of H. R. 6000.

(B) Appointment of a senatorial or congressional committee with power to employ actuarial and economic experts, to make a comprehensive study with the aid of such experts, and to provide death and old-age protection on an economic-needs basis for all American citizens and lifetime residents of the country.

Very sincerely yours,

E. H. HELLITT,
Fellow of the Society of Actuaries.

THE DAILY TRIBUNE,

HON. HARRY P. CAIN.
United States Senate.
Washington, D. C.

DEAR MR. CAIN: Your realistic letter about the social-security bill (H. R. 6000) and the social-security law is a most encouraging exhibition of common sense. That you cannot go along with the highly speculative proposal now before Congress is a tribute to both your honesty and your courage.

Describing our present social-security system as insurance is a swindle which our citizens who are now 20, 30, or 40 years of age will wake up to some day. I believe my own feeling on this matter is much the same as yours; that no amount of wishing to help others, no emotional shouting of high-sounding phrases will set aside established laws of arithmetic. Two plus two plus two always makes six, whether it refer to plain, single dollars or to billions.

My own opinion is that the most astonishing fact that the average citizen thinks our present social-security system is a scientifically planned way of insurance; that the workers of this country (those now covered) and their employers are actually piling up sufficient funds to care for future payments. There is almost a fact pointed out by the facts that stopgap, old-age assistance is not gradually diminishing but is actually expanding at an unbelievable rate.

Certainly a completely independent, inquisitorial body with social-security program is urgently demanded. An inquiry should be conducted by a commission with a definite minority membership of Government officials or employees. Set some real insurance actuarial and some trained financial men to work to analyze this situation just as Dun & Bradstreet would look into the financial standing of a corporation or individual.

Let us do everything possible to install and maintain a social-security program that will be thoroughly understood by our citizens and that will have a chance of doing what it is supposed to do.

I am sending this letter on the minutes of three columns I have written for our newspaper (circulation, 23,184) on social security. There is always the danger of oversimplifying the situation or particular phases of it. I will include our daily newspaper publication one must always take that chance. So I try in each individual column to do my best for the sake of emphasis and (I hope) clarification.

Correspondences again on the intelligence and forthrightness you are displaying on this vital matter.

Sincerely yours,

FLOYD J. MILLER,
President.

ILIINOIS MUTUAL CASUALTY CO.,
Pomona, III., May 18, 1950.

HON. HARRY P. CAIN.
Senate Office Building.
Washington, D. C.

DEAR SENATOR CAIN: It is my understanding that you contemplate leading the fight against H. R. 6000.

Even though it is my understanding that the Senate Finance Committee has made some changes in this bill, in my opinion there should not be any extension of social security for those now covered.

It is my understanding that a partial revision of this bill has had an opportunity to make a survey of what is necessary.

Therefore, I welcome your opposition to this bill, and wish you every success.

Sincerely yours,

B. A. McCORD,
President.

PROVIDENT LIFE & ACCIDENT INSURANCE CO.,
Chattanooga, Tenn., May 18, 1950.

HON. HARRY P. CAIN.
Senate Office Building.
Washington, D. C.

MY DEAR SENATOR: Your letter of May 16 is most encouraging.

I hope sincerely that we may soon have a thorough and fundamental review of social security. It is preferable that this study precede any revision of the present act, but it will still be needed even if the bill reported yesterday becomes a law.

The study commission should weigh the relative responsibilities to be assumed by the community, the individual and his employer. It should develop an orderly method to discharge the community part of that responsibility. This needs to be well within our power to pay and must leave a sufficient incentive to thrift.

The answer will be futile unless it can command broad public support. For that reason I would like to see the commission charged with responsibility to approach the commission charged with responsibility to approach the commission charged with responsibility to approach the commission charged with responsibility to approach the commission charged with responsibility to...
of the situation—not the kind that is con-

fession towards the pending legislation in particular. In fact I believe that there is a very strong feeling among actuaries who have taken a special interest in this matter that the system of the Social Security Act were being discussed in the Senate, I sent to each of our New Jersey Senators a memorandum, a copy of which is enclosed and marked "B" in the upper right-hand corner.

These will indicate to some extent my current thinking on this important topic. My suggestion of the beginning of the yearly increase in the benefit for each year of coverage (the so-called increment) is in harmony with what you have in the paragraph at the top of the second page of your letter.

In fact, I am becoming more strongly of the opinion that a straight pay-as-you-go plan would have much to commend it, not the least of the advantages being the ability to avoid the complicated and huge mass of records established and maintained in the Baltimore area to supplement the terms of the act. Procedures which are sound and, in fact, essential in the operation of private insurance and annuity plans are not necessarily most suitable for public plans, and the management of the latter must be regarded in very broad terms.

The suggestion in the second paragraph of your letter that the matter be placed in the hands of a competent commission seems to be timely and likely to produce useful results.

Yours very truly,

John S. Thompson.

THE VOLUNTEER STATE LIFE INSURANCE Co.,
Chattanooga, Tenn., May 17, 1950.
Hon. Harry P. Cain,
Senate Office Building, Washington, D. C.

Dear Senator Cain: I am in thorough sympathy with the views expressed in your May 11 letter. You ask that I write you about the objectives, the personnel, and the method of study that might be pursued by an independent commission on social security.

The objective is to obtain a workable system. It should have a minimum of administrative cost and bureaucracy. Clearly, it must be adjusted to the economic strength of the country. We should give an assurance of basic security to widows with children, to orphans, and, especially, we must not destroy the incentive to save. This system should be separate from relief. The Federal government should get out of the field of old age assistance programs of the Individual States. Any system supported by taxes should aim to provide a floor of protection. It should be broad and nationwide. It will not take the place of employer plans because the problem of retiring the older workers at a proper age is a problem that they and their fellow workers will remain.

As regards personnel of such a commission, Mr. W. R. Williamson (statement, Janu-
ary 30, 1950), before Senate Finance Com-
I have, with great interest, followed the development of the social-security legislation and particularly the progress of the efforts on the part of the Social Security Administration to obtain revisions in the present act which can only break down further our system of free enterprise and the noncollectivist way of life.

I completely agree with Senator Taft and many others who are finally realizing that the word "improvement" is very improperly used when referring to any benefits under the Social Security Act. Our social security program is not insurance. It is a redistribution of the nation's wealth, it is only a program which gives benefits to certain groups who qualify under the terms of the act. The program is supported by taxes also levied against certain groups, but there is no relationship between the taxes and the benefits. Such an arrangement is completely foreign to the true concept of insurance.

I am glad to know that you have concluded that you can vote for the bill, the provisions of H.R. 6000. I believe that you are completely sound in urging that the social-security establishment be left as it is, pending an independent, independent investigation and overhaul. I believe you are also completely right in your statement that the present social-security security systems is bound to create more maladjustments than it cures.

I would be hard for the establishment of some sort of Hoover Commission which would undertake the study along the lines which you have in mind. There are men of wide experience, independent, competent, and informed in this area who could help in this task. There are not so many as there should be, but a system of social insurance, and all phases related thereto, is a comparatively new problem involved as so vast that the task must be left to minds that have been developed which understand the real problems. Men like M. Albert Linton, president of the Provident Mutual Life Insurance Co., Philadelphia; R. A. Hohaus, actuary of the Metropolitan Life Insurance Co.; and W. B. Williamson, consulting actuary of Washington, D.C., are men who, in my opinion, really understand the ramifications of a social-security system, not only from the actuarial standpoint, but from the economic, social, and political standpoint as well.

As to the method of study that might be pursued by such a commission, I have given it very little to offer. It would, however, seem to me that whatever our eventual social-security system should develop into, it should be based on principles which are completely nonpolitical. This is perhaps the greatest obstruction in obtaining an adequate system that many. In my opinion, since social security was first spread across our Federal statutes, we have learned much which was not available at the time the Social Security Act of 1935 and the 1939 amendment were passed. I believe that the knowledge gained during that time has not been used adequately in the development of H.R. 6000.

The results of social-security systems on the Federal Reserve System have, with great interest, followed the current administration. It has been recognized that the Federal Reserve System, not only from the economic, but the social-security standpoint, not only from the Independent restudy and assessment of the social-security system, not only from the Hoover idea. I do feel, however, that the conclusion to which you have come on the social-security program is so much in line with my own views that I must sum up at this time that what is needed at this time is a thorough and independent restudy and assessment of the entire social-security program. I am one in which I strongly concur. It is indeed important to oppose the pending social-security bill and to urge an alternative to the appointment of a commission along the lines of the Hoover idea.

At this time I am not in a position to comment on the provisions of the current social-security system, but the method of study that might be pursued by a commission. I do feel, however, that a study and review commission, if provided for, should be composed of men who are socially and economically liberal, but definitely sound in their monetary and fiscal views. It ought to be possible to find men of standing and competence who have these qualifications. Given a commission of this type, adequately staffed by technicians of broad education and experience in the field, I am confident that appropriate methods of inquiry could be established.

You may be interested in some views on our social-security program which I expressed in a recent speech. I quote them briefly as follows: "I am, of course, extremely reluctant to forfeit the pension which I have, and I am opposed to this development primarily because I feel that the growth of these funds will tend to affect the functioning of the economy adversely in two important ways. They will result in the further accumulation of funds in reserves securing low risk investment opportunities. This encourages Government deficits to provide securities to absorb accumulating reserves. They will also result in some redistribution of wealth from low to higher income groups. This will come about because the financing of private pension funds will impose a tax on those with income and services that are purchased in the main by the low-income groups. The pensions will be paid, on the other hand, by the Federal Reserve System which will select from the positively well-paid groups of employees and industrial workers.

"I am also opposed to the development of private pension funds because I feel that they are not the only solution to the problem of old-age security up to its ability and particularly so when the very operation of the plan can have its inflationary effect, and it is already an urgent question whether it cannot in any real sense save up through a reserve fund, when Government bonds are the only possible investment for the fund and the only "earnings" are provided by the taxpayers who meet the interest on the bonds. However, the financing may be justified because the current cost on the community, coming in any given year out of the current production, and thus arises an urgent question whether the growth of these funds will tend to affect the functioning of the economy adversely in two important ways. They will result in the further accumulation of funds in reserves securing low risk investment opportunities. This encourages Government deficits to provide securities to absorb accumulating reserves. They will also result in some redistribution of wealth from low to higher income groups. This will come about because the financing of private pension funds will impose a tax on those with income and services that are purchased in the main by the low-income groups. The pensions will be paid, on the other hand, by the Federal Reserve System which will select from the positively well-paid groups of employees and industrial workers.

"As a final point on social security, I should like to say that I think the recent growth in private pension funds is undesirable. I am opposed to this development primarily because I feel that the growth of these funds will tend to affect the functioning of the economy adversely in two important ways. They will result in the further accumulation of funds in reserves securing low risk investment opportunities. This encourages Government deficits to provide securities to absorb accumulating reserves. They will also result in some redistribution of wealth from low to higher income groups. This will come about because the financing of private pension funds will impose a tax on those with income and services that are purchased in the main by the low-income groups. The pensions will be paid, on the other hand, by the Federal Reserve System which will select from the positively well-paid groups of employees and industrial workers.

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Mr. S. E. ECCLES.

THE WYATT CO.,

Mr. DEAR SENATOR CAIN: The matter covered by your letter of May 15 is in my judgment, and I am pleased to offer a few views on the social-security legislation now pending. There is much more to be said than can be written in your letter and will certainly be brief.

First of all, I agree that a thorough review by the appropriate administrative experts in various fields (among others: social insurance, economics, law, finance, and actuarial science) is essential to the construction of a comprehensive and effective system of social security. Any comprehensive program of social security will require a gradual release of reserve funds as they become needed to partially offset many of the changes in the present law. That old-age benefits might well be provided on a different basis seems never to have occurred to many advocates of H. R. 6000.

Unless a suitable method of administering universal old-age benefits is devised, and unless the total present burden is properly related to social-security taxes on a pay-as-you-go basis, we are going to be faced with public problems resulting from the truth and many unsound proposals for increased benefits. I believe in getting the OASI payments up and assistance payments down, as soon as possible.

Like you, I am opposed to the keeping of detailed wage records to determine benefits, and to the attachment of vested benefits, but in the nature of subsistence, are properly divorced from the concept of individual equity—the range in possible benefits under the present law, according to earnings, is quite narrow and, already, hardly justifies the detailed record-keeping—a poor benefit under present conditions might be between $50 and $75 a month. Likewise, for receipt of benefits, consideration might be given to an age concept such a benefit might be available to deny benefits to anyone who has not filed a personal income-tax return for a specified minimum period of years—such return possibly including a special line for the contributions and tax on the social-security tax.

A change in the qualifications as indicated should silence the schemes for stamp books and other complicated administrative procedures, and greatly accelerate the process in the submission of tax returns. In connection with the latter, assuming that the method could be found to correlate data between the Treasury Department and the Social Security Board, there would be no objection to scaling the benefits over a moderate range, according to earnings reported in the return. This feature might, however, have to be omitted entirely.

Because of the future load on productive workers to carry the old-age pensioners, I am not sure that I favor automatic payment regardless of earnings status, even though this would simplify the administration. Particularly, I do not think it wise to contemplate the idea of age-old pensioner insurance program. This phase of the study would depend partly on the solution to the problem to be discussed in the next following item.

(b) Consideration of the problem of removing the Federal Government from the field of social insurance. In all, or substantially all, the present aged, retired and survivors insurance benefit and by removing all Federal assistance to the States, leaving to the States or political subdivisions the responsibility of any persons not covered, or not amply enough covered, by the old-age and survivors insurance system.

(c) Consideration of the respective merits of various types of benefit formulas, the details to which such formulas should depend upon wages earned prior to receipt of benefits, and the associated problem of the administrative costs of maintaining wage records.

(d) Retention of the provision for lump-sum benefits only in cases where no other basis becomes available.

(e) Reconsideration of the schedule for increasing payroll taxes in the light of the present financial situation.

(f) Increase from $15 to $50 a month in the amount of earnings permitted without social-security benefits (no limit after age 70).

(g) Study of proper integration of private pension plans and social-security benefits.

In this connection it will be difficult, if not impossible, because of the serious overlapping, to extend social-security benefits to various classes of private employees already amply provided for under pension plans supported in large part by public funds at State and municipal levels, and probably at Federal levels.

In the case of pension plans applicable to nonpublic employees, benefits may be ad vitam perpetui, and subject to the Social Security Program. This is not the case with plans covering public employees since such plans arise from special legislation, the amending of which is difficult to accomplish.

(h) Encouragement for extension of private compulsory retirement plans and voluntary or contributory retirement plans. For example, the Federal employee pension plan might be made mandatory by law through the deduction of part of the salary of employees.

(1) Consideration of the governmental level at which the problems in (j) and (k) are to be handled.

(2) Problems involved in the care and housing of the aged.

(a) Consideration of the governmental level at which the problems in (j) and (k) are to be handled.

(b) Problems involved in the care and housing of the aged.

(c) Inadvisability of providing for a system of federal and permanent disability benefits in the Federal Civil Service is a matter of prime interest to our present social-security legislation, and the actuarial cost of such a program is so high that it should be non-partisan and that it should include representatives from the fields of industry, business, labor, medicine, social services, and insurance. The representatives functioning in these fields can furnish us with the names of suitable and qualified personnel.

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(r) Problems involved in the care and housing of the aged.

(s) Inadvisability of providing for a system of federal and permanent disability benefits in the Federal Civil Service is a matter of prime interest to our present social-security legislation, and the actuarial cost of such a program is so high that it should be non-partisan and that it should include representatives from the fields of industry, business, labor, medicine, social services, and insurance. The representatives functioning in these fields can furnish us with the names of suitable and qualified personnel.
the Honorable Carl T. Curtis, of Nebraska, in the House of Representatives on October 4, 1949, with which you are undoubtedly familiar. I believe, also, that the writings on this subject by the two actuaries, Mr. R. A. Hohaus and Mr. M. A. Linton, would be valuable. As you may know, the former is an assistant actuary of the Metropolitan Life Insurance Co. and the latter is also an actuary, serving as president of the Provident Mutual Life Insurance Co.

6. As to the method of approach, I assume that this would consist of a period of intensive study by the special commission, followed by a period of public hearings, and, in this connection, I would call your attention to the recent study made by the Brookings Institution in which, at present, a group of actuaries is engaged.

Undoubtedly such a commission should seek the advice of experts in the various fields to which the problems are closely related.

In closing, I would like to stress above all that any revision of benefits under our social security system should not be sought such benefits above a reasonable maximum floor level and that ample room should remain for predictable additions to those above such level through regular employee and employer pension schemes and other vehicles. It is, therefore, important to encourage and stimulate individual effort.

I trust that you will find these comments of help to you in your investigation of this very complex problem.

Sincerely yours,

HAROLD A. GROUT,
Vice President and Actuary.

BANKERS LIFE CO.,
Des Moines, Iowa, May 18, 1950.
Senator Harry F. Cain,
United States Senate,
Washington, D. C.

DEAR SENATOR: It was a pleasure to receive your letter in regard to the social security bill (H. R. 6000). The bill in its original form seemed to me to go too far and I am glad that the Senate committee has taken out some of the features from the original bill.

It may be that this bill has gone so far through the legislative process that it is not possible to postpone consideration of it, but, of course, this is in the hands of Senators and Congressmen.

I sincerely hope that before any more tinkering is done with the Social Security Act, Congress will first consider the study which will study not only the Social Security Act, but the whole broad problem of social benefits which, at present, is handled in many different acts. When we deal with the whole problem piecemeal we are very apt to find overlapping benefits, omissions, conflicting doctrines, and many other things of that sort.

In a pioneer society the people upon whom misfortunes like disability, unemployment, the declining powers of old age, blindness, etc., are going to fall in various ways are taken care of by one system, either in the form of relatives, local authorities, charities, or by government. In all such cases, these misfortunes receive a basic minimum amount from such sources. It must be remembered however, that all such amounts are spent for adult unfortunates as well as the amounts spent to raise our children to the age when they go to work must be provided from the same source. These children are those upon whom the social services depend, and by those, I mean individuals as well as the legal entities we call corporations.

In our more complex civilization, the doctrine that people and children must be taken care of by a more centralized body than in the pioneer society, and that some kind of insurance, either in the form of a system called social security, unemployment insurance, aid for children, and blind and other retirement acts, is, therefore, vitally important that we survey the whole picture as one unit instead of, as I feel, trying to buy an annuity with first one piece and then another piece.

Now to return to the Social Security Act itself. Back in 1935 I had the opportunity of studying the insurance idea used in individual annuities and pension plans got mixed up with the Government's plan. A governmental plan is entirely different from the usual insurance plans because the Government has the power of compulsion. In a private plan, since there is no compulsion, it would be quite the natural thing in human nature to postpone buying insurance until one is ill and to postpone buying an annuity until one is about to retire. We have seen the troubles of assessment companies which have tried to force an annuity on the public. It is for this fundamental reason that all insurance plans require the accumulation of reserves. When one comes, however, to government compulsion, it is quite another matter. We have seen the troubles of assessment companies which have seen the troubles of assessment companies which have tried to get tax form of annuities and pension plans got mixed up with the Government's plan. A governmental plan is entirely different from the usual insurance plans because the Government has the power of compulsion. In a private plan, since there is no compulsion, it would be quite the natural thing in human nature to postpone buying insurance until one is ill and to postpone buying an annuity until one is about to retire. We have seen the troubles of assessment companies which have tried to force an annuity on the public. It is for this fundamental reason that all insurance plans require the accumulation of reserves. When one comes, however, to government compulsion, it is quite another matter.

In closing, I would like to stress above all that the Social Security Act is not the only program for additional benefits to be provided for individuals. I hope to arrive at a reasonable compromise which will include the present Social Security Act and a broad program for insurance. The benefits under all these plans just as in the pioneer society must come out of the national income of individuals and corporations. It is most important that we keep in mind that any revision of benefits under our social security program is one of the most vital decisions we have made.

I do not at least a year from the time the committee is appointed before the report is completed. I would like to state that the letter which I would be happy to be of any assistance I can.

Sincerely yours,

E. H. BUCKWORTH, Professor of Banking.

GROUP HOSPITAL SERVICE, INC.,
Wilmington, Del., May 22, 1950.
Hon. Harry F. Cain,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I am particularly interested in your letter of May 15, setting forth your views on the present social security program and your thought concerning a change in our thinking concerning such legislation. I agree with you in the points you covered in your letter. To confuse old-age assistance and old-age and survivors benefits with insurance is, in my opinion, a mistake.

Congress will appoint a broad committee who will carefully study the whole problem piecemeal. We are very sincerely appreciative of your statement.

My thoughts, I sincerely hope that Congress will take the time to look thoroughly into the over-all problem and that it will appoint a broad committee who will carefully consider the whole problem of social benefits and all its ramifications and study the road in which we are going. I firmly believe that if this is done, we will clearly understand the ideas of taking care of unfortunate people in our system of free enterprise but we must approach the problem with our eyes open or we may very well find that the system that has all the glittering promises that are held out by collectivist systems of the world which is not what we are going to get.

I hope our paths cross some day before long so we may chat at greater length than is possible in a letter.

With best wishes.

Sincerely yours,

E. M. MCCONNELL, President.

COLUMBIA UNIVERSITY
IN THE CITY OF NEW YORK,
New York, N. Y., May 18, 1950.
Hon. Harry F. Cain,
Committee on Public Works,
United States Senate,
Washington, D. C.

DEAR SENATOR CAIN: In response to your letter of the 11th of May concerning social security legislation, I quite agree with you that a thorough and comprehensive investigation is required of our social security program. Also, I am favorably disposed to any plans of the type you mentioned with regard to a social security program.

The commission selected to study the social security program was nonpartisan, nonpolitical, and composed of highly qualified experts. Such a group should recognize the fallibility of putting these costs on anything but a percentage basis or in some terms which would make the cost understandable in terms of future inflation. For example, our crop of age, with the salary of a dollar, is a sobering reminder of the fact that sums set aside for old-age benefits today may prove to be entirely inadequate in the expanding economy of our time.

It would seem to me that the first field of investigation as to the problems of social security legislation as you suggest should be an attempt at an honest appraisal of the amount the American people are willing and able to contribute
to such a program, on the assumption that it will be applied currently to the entire population of persons who have contributed. I think, should be a matter more for the uninterested than for the social worker or social worker or social worker, and that this would be an approach such an undertaking with very preconceived ideas as to public desires, both as to the re- ceptibility of such a plan and the expenditure of them.

Fundamentally, of course, the approach should be made by a bipartisan group, not addicted to any specific program but sufficiently conscious of the need for reasonable and intelligent assistance. I think that such men can and should be found.

I am on a subject on which I am comparatively uninformed and have developed ideas only as a sort of bystander in the field of social insurance. I am really regretful that more specific ideas as to public desires, both as to the receipt of funds and the expenditure of them. Fundamentally, of course, such a survey should be made by a bipartisan group, not addicted to any specific program but sufficiently conscious of the need for reasonable and intelligent assistance. I think that such men can and should be found.

I should like to suggest that Mr. Allen B. Thompson, vice president and actuary of the Manager Underwriter of New York; in New York, City, a veteran of the Blue Cross and Blue Shield field, and Mr. Max B. Bell, vice president of Continental American Insurance Co., Washington, D.C., might offer you some worth-while suggestions.

Sincerely,

H. V. Mayne
Managing Director,

Woodsman Accident Co.,

Senator Harry F. Cain,
Senate Office Building,
Washington, D.C.

DEAR SENATOR CAIN: Thank you for writing me as you did on May 15 regarding the social-security bill, H. R. 8000, on which a reposal will shortly be rendered by the Senate Finance Committee. We have followed the development of this legislation both in the House and during the hearings before the Senate Finance Committee and are in complete accord with your conclusion that H. R. 8000, if passed or enacted with the modifications proposed by the Senate Finance Committee, would constitute nothing more nor less than a modification of the present existing system. You are undoubtedly familiar with the minority report of Repre- sentative Cushman, who represents the First Nebraska District, and I am one of his constituents. I am in complete accord with Mr. Cushman's conclusion and the position which Senator Butler, of Nebraska, has taken in regard to this legislation.

You have summarized the situation, as I see it, when you state that "patching up the present workable social-security program will create more maladjustments than it cures." If we accept the notion that the Government provide some benefits for the aged and the indigent, certainly common sense dictates that the whole social-security situation be surveyed in an objective manner by people who can bring a disinterested point of view to bear on the problem. As you well know, it is most unlikely that such a competent personnel will be found in the social security agencies. I heartily endorse the study that you propose. I hope that Congress will vote to provide such a survey and will delay taking any action on amending the present system until the results of such a study are available. I believe that competent personnel who do social security agencies should accept responsibility for the aged, the orphaned, and the widowed, and by what method provision is made for these necessities. Certainly in a time when the economy of the country is strained by the necessity of fighting on a cold war it is folly to heap additional taxes on the taxpayers in order to indulge in reckless social experiment. You are to be congratulated upon your courage in taking the position that you have in this matter.

Cordially yours,

E. J. Faulkner
President,

The National Underwriter Co.,

Senator Harry F. Cain,
United States Senate,
Committee on Public Works,
Washington, D.C.

MY DEAR SENATOR CAIN: For a variety of personal and business reasons, I have not been able to give the kind of attention to replying to your May 11 letter propounding social security questions that it deserves. I am commenting under inquiry and I only wish that I could offer some helpful suggestions. In general I find that I concur in your views as to the desirability of the idea of a thoroughgoing study of the whole social-security system and theory. There is, I believe, no urgency for legislation today, and I shall probably not have the time or the desire to contribute at this moment to the body of ideas that can be found to conduct such a study. Their objectives should be to determine to what extent the Government should accept responsibility for the aged, the orphaned, and the widowed. In what manner provision is made for these necessities. Certainly in a time when the economy of the country is strained by the necessity of fighting on a cold war it is folly to heap additional taxes on the taxpayers in order to indulge in reckless social experiment. You are to be congratulated upon your courage in taking the position that you have in this matter.

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Cordially yours,

E. J. Faulkner
President,
Board during the first 10 years that this law has been in effect. He has probably given more serious thought to the fundamental problems of this law than any other man in this country. He is a consulting actuarial and pension consultant to the Wyatt Co., a firm of consulting actuaries and pension consultants.

Joseph B. Maclean, Yarmouth Port, Mass. Mr. Maclean was formerly vice president and actuary of Mutual Life Insurance Co. of New York, vice president of the Society of Actuaries. He is the author of the well-known reference book Life Insurance. While Mr. Maclean has been working on a consulting practice, I believe that his present company duties are giving considerable attention to Social Security problems. Most of his work has been in the field of consulting actuarial and pension consulting actuaries and pension consultants.

R. D. Murphy, executive vice president and actuary of the American Institute of Actuaries. I wish to thank Mr. Murphy for his work. The following men are all of outstanding competence in the professional field and have given considerable attention to social-security problems. Most of them have substantial executive and administrative experience and are competent judges. It might be difficult for them to arrange to devote the proper amount of time to such a matter. Therefore, I have included them among the following names:

Edmund M. McConney, president, Bankers Life Co., Des Moines, Iowa. Mr. McConney is president of the Society of Actuaries. (This is the main professional body representing life-insurance actuaries on this continent and was organized last year as a consolidation of the Social Insurance and the American Institute of Actuaries.)

R. D. Murphy, executive vice president and actuary of the American Institute of Actuaries.


Clarence Tookey, actuarial vice president, Occidental Life Insurance Co. of California, Los Angeles, Calif., and vice president of the Society of Actuaries.

What I have said above merely repeats what I have said elsewhere in this matter. In fact, every one of these men has contributed to the knowledge of social security. The arguments for a thoroughgoing revision of the current system, namely, the provision of an economic floor of protection for all citizens of the Nation, to be preserved. However, the Commission should be empowered to explore the possibility of providing an adequate and comprehensive social-security program. The problems of such a commission should have to face and they should be faced in the right manner. However, I believe that the present company duties are giving considerable attention to Social Security problems. Most of them have substantial executive and administrative experience and are competent judges. It might be difficult for them to arrange to devote the proper amount of time to such a matter. Therefore, I have included them among the following names:

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note that this letter concerns itself with the major aspects of H. R. 6000 and sets out our opposition to a Federal program of permanent total disability compensation.

In regard to a committee to study the problem, I am in accord with the suggestion made before the New York Herald Tribune Forum that a group of outstanding experts in the field of social and economic problems be convened at Columbia University. While he did not go into details in regard to the composition of such a group, Mr. Roosevelt wanted to exclude from participation those persons who are intimately associated with the Federal Security Agency and therefore have an ax to grind. You will recall that in the investigations carried on to date employees or former employees of the Federal Security Agency have played a dominant role behind the scenes. Any future investigations should avoid the possibility of this kind of criticism.

If I can be of any further assistance to you, please do not hesitate to get in touch with me.

Cordially,

Charles G. Hatzen, M. D.

Mr. LEHMAN. Mr. President, I should like at this time to speak briefly in general support of H. R. 6000.

As the Senate knows, many amendments to the pending social-security measure. Most amendments, I understand, will be directed toward liberalizing the bill reported out by the Finance Committee. I shall be inclined to support most of the amendments directed toward this end. I have introduced and joined with others in sponsoring some of these amendments. I shall speak on them again when they are called up next Thursday.

Before discussing amendments, however, I should like to make clear that in my opinion the Senate Finance Committee has done an outstanding job with this complex and difficult piece of legislation. The committee as a whole has shown a forward-looking attitude toward the social-security problem, and the committee chairman, the senior Senator from Georgia, has earned the thanks and admiration of all of us in this great work which he has directed so skillfully and thoroughly.

The liberalization of the benefits in some categories and the extension of coverage in the Senate bill—while not as wide as I should like to see them—are long steps in the right direction.

It is comforting to realize that in this debate the question is not whether we should have social security. That is now accepted in principle by almost all of us. It is to be recalled, however, that when the first social-security measures were originally proposed in 1933, violent opposition was offered both in the Congress of that day and in the press and the letter-writing departments of New York State, of which I was Governor at that time. Perhaps some may recall that in the Presidential election of 1936, the party on the other side of the aisle argued that social security was regurgitation—that awful word—and that the American people were soon to be required to wear dog tags as a result of having social-security numbers. Happily, we have since witnessed extreme scarcity in the attics of political discards.

Today the question is how much social security we should have and can afford it.

Today I appeal to the Senate to liberalize the present measure—not merely to approve it. Today I speak to my colleagues in behalf not only of a social-security program but of a broadened social-security program—a program broadened beyond even the limits set forth in the Senate bill.

I cannot presume to be the administration spokesmen on this subject, but I think I speak the mind and will of the administration and of the intent of the Democratic platform—certainly of the platform on which I ran last year—when I say that the liberalization of the social-security program is our mandate from the people. That mandate is not only for the pending bill but for the liberalizing amendments which have been introduced, and the amendments which I and other Senators have sponsored would extend coverage to 2,000,000 more people than would be covered under the pending bill. Approximately 900,000 of these would be domestics, the group that possibly needs social-security coverage more than any other. One additional million would be agricultural workers.

One further amendment would increase the average benefit under the OASI program from an over-all average of $49 proposed in the Senate bill to an average of $55. Moreover, it would increase the maximum amount which could be obtained by an individual who has made his contributions for 5 years from the proposed level of $72.50 to a new level of $100—and for an individual who has worked for 20 years, to a maximum of $114.

In view of our present standard and cost of living, this is not a princely pension. It is only barely enough for a person to live on in decency and to maintain his health.

I recognize, of course, that the Senate bill is a vast improvement over the present law in this respect. The Senate bill proposes an over-all average benefit of $49 compared to the average of $26 provided under present law. Obviously, the present benefits have no relation to reality. That is best illustrated by the fact that the average public-assistance benefit for those dependent Territories.

One further amendment would help finance more adequate medical care for the needy. The Advisory Council on Social Security recommended such a provision.

I know that there are some who will say that these measures are impractical or that they are luxuries which we cannot afford. My answer is simple: These are not luxuries but investments in the security and welfare of our people. These investments will earn for our Nation a liberal return in increased productivity and security.

This, I take it, is the object of the social-security program.

The able and scholarly senior Senator from Ohio may say that with these liberalizing amendments, we are providing for increased payments out of the social-security fund while making no provisions for increased payments into the social-security fund.

It is estimated that if all the amendments I have referred to are adopted, the increased cost to the fund over the projected period, which means until the year 2000, will be approximately 1½ percent of payroll.

600 dollars. I want to stress that in my judgment, after studying the experience of the past many years, I am convinced that a dynamic and expanding economy, and our steadily rising wage pattern will provide the increased collections which the increased expenditures will require. That has been our experience in the past; I am sure that will be our experience in the future. In my judgment there is no reason to increase the present schedule of social-security taxes beyond that already set. If the need should arise, however, I would be perfectly willing to increase the tax schedule when that time comes.
At this point I should like to take a quick look backward and examine for a moment just what it is we are talking about when we talk about social security. It might be worth while to recall that the quest for security is one of the most ancient in the history of mankind. Security against aggression and security against the natural hazards of life, of sickness, of old age, of drought, and of famine have been sought by men in various ways at various times. As soon as people first developed the art of communal living, they took their first steps toward social security in its broadest sense.

External aggression being the greatest threat to security in ancient days, towns were built with great walls for purposes of security, armies and navies were assembled for security, police departments were organized for security. In organizing these measures for security, the whole people were taxed in order to provide security for those who did not provide it themselves.

Later, when the need for financial security and health security gained recognition along with the need for security from theft and aggression, banks, insurance companies, and hospitals were organized for the security of individuals and of groups of individuals. The demand for security is neither new nor revolutionary. It is as old as man himself.

The fact that the present emphasis is on governmentally provided security against the hazards of sickness, unemployment, and old age merely recognizes the eternal interdependence of society and the advancing status of our concept of social obligations. We now recognize that human life, itself, is a precious national resource. We realize that the conservation of that resource against the extraordinary hazards of twentieth-century existence is an essential function of government and is, indeed—as I have said before—the most important function in the material welfare of the Nation.

Today we accept this fact, although some may not publicly acknowledge it. Political conservatives as well as liberals have, in the past, constantly recognized that the desirability of social security. It has passed out of the realm of political controversy. Of course, there are still some few exceptions. There are some individuals who would, if they could, turn back the clock to another age. I doubt whether this point of view has any significant representation in this body. There are very few who are in the material welfare of the Nation.

Today we accept this fact, although some may not publicly acknowledge it. Political conservatives as well as liberals have, in the past, constantly recognized that the desirability of social security. It has passed out of the realm of political controversy. Of course, there are still some few exceptions. There are some individuals who would, if they could, turn back the clock to another age. I doubt whether this point of view has any significant representation in this body.

I shall not enter into this argument today. But I want to point out that in the field of social security, the Federal Government, under the general-welfare clause of the Constitution, has a mandate to serve the people. If this can best be done by direct Federal action, the Federal Government must do it. If, however, the Federal Government may not be able to provide the general welfare in the field of social security because this is properly a State function is to deny our essential responsibilities and to fail the people in their basic needs.

While the present system is the best method of accomplishing what we seek, we must remember that we are "one Nation, indivisible, with liberty and justice for all." That is what we say in our Pledge of Allegiance. That is what we say in our Pledge of Allegiance. That is what we say in our Pledge of Allegiance.

Mr. BUTLER. Mr. President, there has come to my attention in recent years a deeply disturbing observation. People are saying that we are so far along the road to statism that we cannot possibly turn back, and that we might as well make the best of it. This, of course, is the most malicious nonsense.

If we are on the wrong road—and statism is the antithesis of democracy—and if we have only around 2,000,000 receiving OASI benefits and the rest—over 9,000,000—receiving public assistance or nothing. Is this security or is it sand in our eyes? Certainly it is not what we are purchasing for; it is not what the people of this country want; and it is not what they expect Congress to give to them. If the
honest people of America really understand the restrictions and discriminations implicit in H. R. 6000 and there would be a referendum on the subject, I feel sure they would vote, as I will, against it.

H. R. 6000 discriminates against the present 9,500,000 OASI-excluded aged who cannot be brought in under the employer insurance formula.

My program, on the other hand, awards them immediate protection.

H. R. 6000 discriminates against all OASI ineligibles. To them it says: "If you are in need, declare yourself a pauper, prove you have no assets, no close relatives who might be made to support you. Open your books. Let a paid social worker snoop around and look under the rug to see that you have nothing hidden. Then as a public ward you will be sent a check made up partly of State and local taxes, partly of Federal taxes. But if you should have the luck to earn a few dollars, you will be cut off and run the risk of losing your place on the list."

My program wipes out the pauper's test forever and guarantees recipients the dignity of a pension. Under my program, no social worker will darken their doors.

H. R. 6000 discriminates shamelessly against those unlucky OASI contributors who fall a fraction of a quarter short of insured status. For example, on January 1, 1950, for the 80,400,000 men and women who had contributed to OASI since the beginning only 43,700,000 had fully insured status. It is true that H. R. 6000 would excuse in the next year or two a few hundred thousand of the present aged, former OASI contributors—but only a few. Even so, for the future, H. R. 6000 still would cut people off from benefits entirely if catastrophic illness strikes them, and would require a number of quarters. In other words, the social-security system would remain a lottery system under this bill.

My program is free of all such capricious rules and formulas and fundings. Under my program the only qualifications are age and state of income.

H. R. 6000 would discourage elderly individuals from working, and so would reduce over-all production. Even under the new amendments if a man should earn $51 a month or more he would be cut off from all benefits. At the same time, he would be permitted as much unearned income as he pleased, without reducing his benefits by a single dollar.

My program puts no premium on idleness. Under my program a man can continue to work without being cut off from his pension entirely.

H. R. 6000 would exclude from OASI privileges some fifteen to twenty million of the gainfully employed—among whom are those most likely to be in need of help and those directly in domestic service, migratory farm labor, share croppers, and so forth.

My program would cover every American citizen.

H. R. 6000 would hand windfalls to retired bank presidents, and would supply less than enough to live on to old folks in the lower wage brackets. Although benefits would be increased between 85 and 110 percent, the poor fellow now drawing an OASI benefit of $10 a month would have that benefit increased only to $20—still not enough to meet the increased cost of groceries.

My program would leave no aged American under-income.

Under H. R. 6000, it would be possible for a man of 65 to qualify for benefits at the bottom of the ladder, with 6 quarters and a total contribution of $4.50. For this $4.50, if he retired immediately after his 65th birthday he would receive a primary benefit of $20 a month for the rest of his days. If his wife were the same age, with the usual life expectancy of 13 years for him and 15 for her, they would receive for life from Uncle Sam $4,826. However, a 65-year-old man earning $3,000 or over would do even better. Under the same set of circumstances, he and his wife might expect to receive $71,370 worth of hand-outs from Uncle Sam—quite a nice prize. These figures that I have quoted are conservative estimates; and under particular circumstances, as when there are a great number of dependents and many years of life, the windfalls would come much higher.

What a contrast between this situation and that of the aged widow who receives absolutely nothing because her deceased husband barely missed accruing sufficient quarters of coverage.

My program holds no such unjust, undemocratic, un-American distinction.

Now let us consider the economic aspects of H. R. 6000.

In the first place, OASI is not an insurance at all in the actuarial sense. This is readily understandable when a comparison is made between the total contributions and the windfall benefits of persons retiring during the first 20 years. Even with the rising payroll tax rate during the maturing years of the system, benefits far outstrip what the tax employer, and the tax employee purchase actuarially. This means that other people must pay the actuarial margin of error. Not only is the employers' part of the tax passed on to the consumers in the form of higher prices, but the forfeitures of some contributors add to the windfalls of others.

In addition, there is the question of what happens to the payroll taxes collected. Obviously the money cannot be kept safe and sound in a sack. It must, under law, be invested in Government obligations. The Government promptly spends the money, pays interest to itself from the taxpayers' pockets on the slips sent out of paper in the Treasury and then, when these old-age-and-survivor-insurance O U's fall due, must either float new bond issues or tax the people again to get the cash to pay benefits.

But by far the most dangerous element in the economics of H. R. 6000 is to be found in the rising costs of the dual old-age and survivors insurance—public-assistance system. OASI deferred payments and contributions may become an ever-increasing burden on our national cash requirements for national defense, foreign relations, veterans benefits, and education. The benefits will have to be paid out of future taxes. The future demands upon the Government for benefit payments—to be paid out of future taxes—will be so great that it appears essential that they be given full consideration now before the future taxes are made. The demand for cash for benefits must be studied in the light of other government programs such as national defense, foreign relations, veterans benefits, interest on the public debt, and all other activities of Government.

The authors conclude with a recommendation for a true pay-as-you-go system under which persons now in need will have those needs met from current revenues.

Mr. President, during more than 3 months of public hearings and many weeks of executive session, the Finance Committee labored to report Social Security Act amendments that would be fair and just to all Americans. However, we found that it was impossible to devise an OASI formula to make the present aged eligible for benefits or to cover those most likely to be in need—such as marginal domestics, migratory farm labor, and share croppers. I strongly suspect that the majority of the Finance Committee is not only unhappy concerning the conglomerate amendments which have emerged, but, in some cases, opposes any amendments of economy, would favor an honest pay-as-you-go social-security system. This is proven by the proposed committee resolution to set up a subcommittee specifically instructed to study pay-as-you-go systems.

During the hearings it became apparent that the opponents of the present system and of H. R. 6000 fall into three large groups. The first would like to see a pay-as-you-go plan adopted, but who cling to the idea of contributions; second, those who want a pay-as-you-go, low flat-rate floor of protection for all citizens without a means test; and third, those who believed, with the Brookings Institution, in pay-as-you-go protection for the aged, but on the basis of some kind of a means test, as the only system economically sound.

The proposal which I am about to outline is an attempt to incorporate in one universal-eligibility, pay-as-you-go social-security program the best features of these various points of view. That is: First, equal protection for all, under the law; second, freedom from the means
test; third, universal contributions; and fourth, economic soundness: pay-as-you-go, go-as-you-pay, on an income-tax, income-supplement basis, for all ages. The existing OASIS payroll tax will be abolished, whose income or means of support drop below a given minimum.

In a nutshell, my program is a universal contributory social-security system, in the sense that everyone with income would pay a special, earmarked income-tax to support it; and thus, at some period of his life every individual would be consciously contributing to his own future security.

It is pay as you go, in the sense that the receipts for any particular year would be roughly the amount necessary to pay the benefits for that year.

It is so as you pay, in the sense that we would be doing for the old people today exactly what we expect the young people of tomorrow to do for those past 65 in their time.

Here is the plan: Every American citizen, aged 65 and over, will be entitled to an individual citizen's pension under the following conditions:

Every American man or woman aged 65 or over will receive a citizen's pension for the year ahead of the estimated income declarations currently used for income-tax purposes, amounts to a figure under $600, will receive a citizen's pension of $50 a month, or $600 a year. That is, $600 a month for a man and his wife, both 65 or over.

Every American man or woman whose income amounts to $600 or over will receive a citizen's pension of $1 a month less for every $30 more of annual income. In other words, if his or her income amounts to between $600 and $650, he or she will receive a citizen's pension of $49 a month or $588 a year. If his or her income is between $650 and $700, he or she will receive a citizen's pension of $48 a month or $576 annually. And so on. The pension tapers off to zero at around $200. Where all five children present, $600 special income-tax exemption for persons over 65 will not make it worth while to apply for pension after the $2,450 level. If this income changes during the course of the year, the pension rate also will be changed.

In principle, the same system will apply to dependent children. That is, inadequacies in means of support will be made up in benefits on a graduated scale.

As to financing, although, on pay-as-you-go, the special old-age and dependent children's tax rate will be determined by the current output, and vice versa, it is thought that to support the pension schedule indicated, the initial tax will be about 5 percent of the first $3,000 of individual income. However, this 5 percent will not be a net increase in tax to be imposed on over-all income, for the existing OASIS payroll tax will be repealed; second, the greater part of the present local taxes required to support the public-assistance programs will be unnecessary; third, any withdrawal of about 2% percent in the regular income-tax rates on the first $3,000 of individual income will probably be effected, in recognition of the fact that the new system would relieve the Federal Government of substantially over a billion dollars a year in grants-in-aid to States for public assistance. At the same time, it might be expected that the existing 800 personal income-tax exemption for individuals 65 and over.

The advantages of this program, like the disadvantages of H. R. 6000, fall into two primary categories: First, social, and, second, economic.

Taking the economic advantages first: My proposal would mean tremendous savings in costs over the committee bill. My proposal provides a system well within the ability of the taxpayer to carry. I am inserting Mr. Immerwahr's brief memorandum in the Record at the conclusion of my remarks.

Let me make good the advantages of my proposal from the standpoint of the individual American, groups of Americans, and the Nation as a whole.

My proposal matches the equal opportunity of life with equal protection against loss of income in old age. It plays no favorites, offers no special privileges. It is just, nondiscriminatory, thoroughly American.

It assures every American the rich-est as well as the poorest that if catastrophe strikes, he or she will be ade-quately provided for in old age. At the same time it puts the burden and respon-sibility on the individual to work and to save for his own old age and for his survivors.

It also makes the individual over 65 responsible for making an honest declaration of his income for the year ahead—just as now he is expected to make an honest income-tax return—and upon this declaration his citizen's pension is based. No investigation is anticipated beyond the usual Treasury sample check for fraud.

It frees every American from the fear of ever having to submit to the indignity of the means test in the event of income loss in old age. No one's neighbor will have to know whether Joe Doakes and his wife are receiving citizen's pensions—any more than the neighbors know the amount of income tax Joe Doakes now pays.

My proposal to abolish the means test will have a direct, immediate appeal for the approximately 3,000,000 present public-assistance recipients, not to mention any who might have to undergo the test in the foreseeable future.

My proposal to bring in the present aged will affect 6,500,000 persons, in addition to those 3,000,000 now on assistance. My proposal for universal eligibility will affect 15 to 20 million farmers, sharecroppers, migratory, farm labor, and marginal domestic servants.

My proposal to abolish the existing graduated, income-loss basis will give more in pensions to greater numbers.

Organized labor will gain right down the line. It is true my proposal will re-duce the over-all pensions of those few retired workers who hold a 25-year record of service with companies having no offset clause in their collective-bargaining pension contracts. However, it will give the vast majority of those who are employed by small business and who change jobs every few years.

Farmers will improve my proposal as a guaranty of their traditional independence rather than in any way interfering with it. Rural areas generally will be emancipated from the oppression of public assistance.

State Governments will be relieved of a large share of the present financial outlay for public assistance. State funds will be freed for other necessary local developments, or for tax reduction.

The advantages of my program for the individual American, groups of Americans, and for the country as a whole, it seems to me, Mr. Presi-dent, add up to an impressive total.

The 3,000,000 present aged on public assistance, the 6,500,000 present on other OASI or public assistance, the 6,500,000 present on OASI, and the 6,500,000 present on public assistance, the 6,500,000 present on OASI, plus the fifteen to twenty million of the gainfully employed who would remain uncovered by House bill 6000 amount to more than 35,000,000 Americans who will be benefited immediately by the adoption of my program.

Add to this the advantage to be won by the members of organized labor and by the farm population on top of the benefits to State treasuries, and whom have we left against it? Those OASI contributors who might—but then might not—land a windfall. They are the very ones who would lose.

Mr. President, I am well aware that the change-over from one type of old-age security system to another will require the talents, time, and services of men of the caliber of the Hoover Commission.

Such a commission, for instance, have to determine what do with the present OASI fund. It might be refunded to former contributors with interest in the form of bonds. It might be used for operations during the first year of the new system. It might also be held intact as an interest-bearing investment to cushion recession periods when incomes drop and appreciably more old people receive pensions.

Mr. President, to give the time and opportunity for such careful study as the commission already beyond the capacity of any to work out details of my proposal and to analyze and incorporate the best features of sundry other pay-as-you-go proposals, I am introducing as an amendment to House bill 6000 a stopgap measure of 2 years' duration.

This stopgap measure goes exactly as far as House bill 6000 in liberalizing eligibility requirements for the present aged. It increases benefits from the
present $10 a month minimum to $25 minimum with a maximum of $50. Thus it goes further than House bill 6000 for the lowest benefit groups and, during the interim period, meets the demand of the increased cost of living for all present beneficiaries.

My amendment strikes out all of House bill 6000 after the enacting clause except the portion relating to the unemployment fund. However, if any titles thus struck out, such as "Aid to Dependent Children" and "Aid to the Needy Blind," should be considered necessary during the interim 2-year period of my bill, I shall be the first to ask that the difficulties be ironed out in conference.

If I might stress one final point: This stopgap bill of mine meets the real, immediate need as well as House bill 6000 is supposed to meet it. It takes care of the urgent requirements—the injustices resulting from the fall in the purchasing power of the dollar; and it matches House bill 6000 in correcting certain eligibility inequities.

I know that many Members of Congress promised their constituents to provide more liberally for the aged by broadening social security.

This stopgap measure of mine goes as far as does House bill 6000 in providing immediate relief. My proposal for a universal-eligibility pay-as-you-go system provides more protection for more Americans on a more equitable, more democratic basis.

A vote for House bill 6000 would be a vote to multiply and perpetuate the injustices of our present system, for after the windfalls are once increased it would be many years before it would be possible to make constructive changes. A vote for House bill 6000 would also be a vote against the 5,500,000 old folks of today and the fifteen to twenty million of the painfully employed who will never be eligible for benefits under this bill.

A vote for my stopgap measure is a way to make good on our promises—to offer hope to 25,000,000 more Americans.

Mr. President, I offer my full-eligibility, pay-as-you-go social-security program as an indication of the way to reach the American road, and I ask support from my colleagues on both sides of the aisle for my stopgap measure to give us the time necessary to reach that road.

Mr. President, in conclusion, I should like to insert in the Record at this point in my remarks a comparison of costs of the Butler proposal with those of House bill 6000.

There being no objection, the comparison of costs was ordered to be printed in the RECORD, as follows:

### A COMPARISON OF COSTS OF THE BUTLER PROPOSAL WITH THOSE OF H. R. 6000

The proposal to pay a general benefit of $50 a month to all persons over 65 without a needs test, the benefit amount to be reduced or eliminated for persons who (accor- ding to their income tax returns) are in the higher income brackets (and to be made subject to offset for various other Federal pensions) has a distinctly higher cost than H. R. 6000 in the immediate years but results in an ultimate cost saving. The following table shows the estimated benefit costs of the proposal as compared with those of H. R. 6000, using for both the intermediate-cost assumptions used in the committee report on H. R. 6000. Use was also made of data re income of the aged, released by the Census Bureau, and appropriately adjusted to fit in with the conditions of the proposal. In the table, the proposal is extended to provide $35 benefits for orphan children.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross benefit costs under Butler proposal</th>
<th>Corresponding benefit costs under H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Old age</td>
<td>Children</td>
</tr>
<tr>
<td>1951</td>
<td>$4.5</td>
<td>$0.3</td>
</tr>
<tr>
<td>1955</td>
<td>$6.1</td>
<td>$0.6</td>
</tr>
<tr>
<td>1960</td>
<td>$7.7</td>
<td>$0.8</td>
</tr>
<tr>
<td>1965</td>
<td>$8.4</td>
<td>$0.9</td>
</tr>
</tbody>
</table>

The above comparison is only partial, as it fails to take account of the Federal cost savings resulting from the elimination of Federal grants for OAA (old-age assistance) and ADC (aid to dependent children) and also of the fact that the administrative costs under H. R. 6000 would be largely eliminated under the proposal. The following table shows the net change in Federal costs when allowance is made for these factors.

<table>
<thead>
<tr>
<th>Year</th>
<th>Increase in Federal cost due to paying benefits only</th>
<th>Decrease in cost due to savings in administrative expenses</th>
<th>Decrease in Federal cost due to elimination of OAA and ADC</th>
<th>Net change in Federal cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$1.0</td>
<td>$1.1</td>
<td>$0.2</td>
<td>$0.2</td>
</tr>
<tr>
<td>1955</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>1960</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>1965</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

*Less than $10,000,000.

But even this latter table does not tell the full story. It fails to show the various Federal tax gains under this proposal, such as that resulting from the taxability of benefits and the denial of the double exemption to those older people who accept the benefits. It fails to show the savings to the States, whose assistance costs, though not eliminated like those of the Federal Government, will be at least reduced. Most important of all, it does not take account of the large savings that will result from the avoidance of over- liberalization of Federal benefits far beyond the level of H. R. 6000, an overliberalization which is inevitable when we operate under a deferred-benefit system like that of H. R. 6000, with which it is so easy to yield to political pressures for benefit liberalization, since the structure of the system conceals its real costs.

When allowance is made for these further savings, it seems conservative to state that the adoption of this proposal in lieu of H. R. 6000 would produce an ultimate saving of $5,000,000,000 a year.

GEORGE E. IMMERMWAHR,
Former Chief Actuary for Old-Age and Survivors' Insurance, Social Security Administration.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors' insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

Mr. SMITH of New Jersey obtained the floor.

Mr. KNOWLAND. Mr. President, will the Senator yield to permit me to make insertions in the Record, inasmuch as I have to leave the Chamber in a few minutes to attend a meeting of the Appropriations Committee?

The PRESIDING OFFICER (Mr. HILL in the chair). Does the Senator from New Jersey yield to the Senator from California?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the Record, as a part of my remarks, a statement I have prepared in explanation of House bill 6000; and, immediately following it, in the body of the Record, I ask unanimous consent to have printed a communication I have received from the president of the Interstate Conference of Employment Security Agencies; a telegram from the vice chairman of the Iowa Employment Security Commission; a telegram from the secretary of labor and industry of Pennsylvania; a telegram from Mr. Ben T. Huet, commissioner of labor of the State of Georgia; a copy of a telegram addressed to the Senator from North Dakota [Mr. Young] from Governor Ander dal, of North Dakota; a telegram from W. O. Hake, former administrator of the unemployment-compensation program for Tennessee; a letter from the chairman of the Industrial Commission of Wisconsin; a telegram from the chairman of the Maine Employment Security Commission; telegrams addressed to the two Senators from Mississippi by Mr. C. B. Cameron, executive director of the Mississippi Employment Security Commission; telegrams addressed to the Senators from Wyoming by the executive director of the Wyoming Employment Security Commission; a letter from Mr. Frank J. Collopy, administrator of the State of Ohio Bureau of Unemployment Compensation, together with telegrams addressed to the Senators from Ohio; a letter from Mr. Donald P. Miller, commissioner of labor of the State of Nebraska, together with a copy of a letter he has written to the Senator from Nebraska [Mr. Wherry]; a copy of a letter from the Department of Economic Security of the State of Kentucky, together with telegrams and letters sent to the Senators from the State of Kentucky; and a letter and copies of telegrams addressed to the Senators from West Virginia by the director of the West Virginia Department of Employment Security. I ask unanimous consent that all of them be made a part of my remarks in the body of the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement, letters, and telegrams are as follows:

STATEMENT BY SENATOR KNOWLAND

SCOPE AND PURPOSE OF UNEMPLOYMENT-COMPENSATION AMENDMENT TO H. R. 6000 SUBMITTED BY SENATOR KNOWLAND

The scope of this amendment is very limited, and the changes it makes in existing law are more of a clarifying and procedural than of a substantive nature.

The unemployment-compensation provisions of the Social Security Act were deliberately designed to insure State, not Federal, unemployment-compensation systems. So as to encourage the enactment of State laws to this end, the Social Security Act provided:

First, that States having approved State laws would be entitled to grants of Federal funds for the administration of those laws; and

Second, that employers in States having approved State laws would be entitled to a credit against a Federal unemployment-compensation tax of 50 percent of that tax.

The Federal law required only that the State law contain a series of specified provisions. The provisions required for tax credit are set out in note (1) at the end of this statement, and those required for administrative grants are set out in note (2) at the end of this statement. States that enacted laws containing these provisions had to be approved by the Federal agency having jurisdiction. This function of approval of State laws is in no way affected by the proposed amendment.

In addition to the function of initially approving State laws as containing the federally-required provisions, there is an additional function specified in the Federal law (sec. 1603 (c) of the Internal Revenue Code) which is to be exercised annually. This additional function is the function of annually certifying to the Secretary of the Treasury (for the purposes of the employer credit against the Federal tax) States whose laws have been previously approved provided they currently meet two standards:

First, the State must not have changed its law so that it no longer contains the federally required provisions.

Second, the State must not have failed to comply substantially with any such federally required provision.

Both the initial function of approving State laws, and the annual function of certifying State laws for the purpose of the credit against the Federal tax, are now vested in the Secretary of Labor. For the purposes of
The amendment to section 303 (b) provides:

*present authority to review State actions similar proviso in section 303 (b) of the highest State court having jurisdiction, until the correctness or incorrectness of the Federally-required provisions in the State is determined: which can involve a Federally-required provision of State law. The effect of this paragraph can seldom if ever give rise to administrative or judicial review is provided for under the laws of the State.

In performing his annual function of determining from time to time whether the State has failed to comply substantially with any provision of the Internal Revenue Code specified in paragraph (5) of subsection (a) which he finds provides that State eligibility for administrative grants, the Secretary of Labor holds the State out of conformity with Labor provisions specified in subsection (a), in which event such provision [and such finding has become final] and the employers in the State for the purpose of determining from time to time whether the State has failed to comply substantially with any provision of subsection (a), in which event such provision [and such finding has become final] on the basis, except that the Administrator shall not charge the State with failure to conform merely because of administrative mistakes, such mistakes can and should, under State law In time to escape the penalty imposed on the Secretary acts. Without opportunity to perform its statutory duty to correct the initial mistake.

The only other provision of the amendment is a proposed change in section 1603 (c) of the Internal Revenue Code which would be required to join a company union or to resign from or refrain from joining any labor organization:

"Provided, That there shall be no finding under this subparagraph of an en masse or similar proviso in section 303 (b) of the Social Security Act (relating to State eligibility for administrative grants), since clause (1) of that subparagraph has been given up to persons entitled thereto under the State law (sec. 303 (b) of the Social Security Act).

The effects of the proposed amendment on various provisions can be simply stated.

The amendment first would make the phrase "amend its law" an implicit proviso in section 1603 (c) of the Internal Revenue Code read "amended its law." This change would clarify the phrase "amended its law" and affirm the intention of Congress that only State legislative action shall be deemed to change the State law. This amendment is important not only so that the Secretary of Labor has recently expressed the viewpoint that a mere administrative determination made under the State law is a change in State law.

In performing his annual function of determining from time to time whether the State has failed to comply substantially with any provision of the Internal Revenue Code, the Secretary has likewise made plain that he now intends to hold the State accountable for money withheld. A claim for refunds can be appealed under the State law but constitutes a substantial failure on the part of the State to comply with a Federally-required provision, even though the final authority of the State has not spoken, nor even been given by the Secretary an opportunity to review the question. The Secretary proposes, before the State as such has finally spoken, to make a day-to-day review of mere administrative actions of State administrative officials unless and until the State affords the Secretary an opportunity to perform his statutory duty to correct the initial mistake.

The only other provision of the amendment is a proposed change in section 1603 (c) of the Internal Revenue Code which would be required to join a company union or to resign from or refrain from joining any labor organization:

"Provided, That an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of cash benefits to individuals with respect to their disability, exclusive of expenses of administration; no compensation shall be payable in such manner in such State to any otherwise eligible individual for refusing to accept new work under any of the following conditions of the work offered: is vacant due to a strike, lock-out, or other labor dispute; if the hours, or conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality; if the individual would be required to join a company union or to resign from or refrain from joining any labor organization:

"(6) All the rights, privileges, or immunities conferred by such law or by acts done pursuant thereto shall continue during the pendency of the proceeding offered is vacant due to a strike, lock-out, or other labor dispute; if the hours, or conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality; if the individual would be required to join a company union or to resign from or refrain from joining any labor organization:

"Sec. 303. (a) The Administrator shall make no certification for payment to any State unless he finds that the law of such State, approved by him under the Federal Unemployment Tax Act, includes provisions for:

(1) Such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis) except that the Administrator shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Administrator to be reasonably calculated to insulate Federal unemployment compensation when due; and

(2) Payment of unemployment compensation solely through public employment offices or other agencies as the Administrator may approve; and

(3) Opportunity for a fair hearing, before an impartial tribunal, of any individual whose claims for unemployment compensation are denied; and

(4) The payment of all money received in the unemployment fund of such State
except for refunds of sums erroneously paid in such fund and except for refunds in good faith in accordance with the provisions of section 1006 (b) of the Federal Unemployment Tax Act, immediately upon such refund or upon the expiration of the time set forth in such refund, any moneys withdrawn from such fund and refunds paid in accordance with the provisions of section 1006 (b) of the Federal Unemployment Tax Act: Provided, That an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of unemployment compensation, and a statement of employment compensation, and a statement of employment status of each recipient of unemployment benefits received pursuant to section 302 of the Act:

"(6) The making of such reports, in such form and containing such information, as the Administrator may from time to time require, and compliance with the provisions of such law; and

"(7) Making available upon request to any agency of the United States charged with the administration of public works, or amending any public employment law, the name, address, ordinary occupation and employment status of each recipient of unemployment benefits, and a statement of such recipient's rights to further compensation under such law; and

"(8) Effective July 1, 1941, the expenditure of all moneys received pursuant to section 302 of this title solely for the purposes and in the amounts found necessary by the Administrator for the proper and efficient administration of such State law; and

"(9) Effective July 1, 1941, the replacement of a reasonable time of any moneys received pursuant to section 302 of this title, which, because of any action or contingency, have been lost or have been expended for purposes other than, or in amounts in excess of, those found necessary by the Administrator for the proper administration of such State law.

INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES,


Hon. William F. Knowland,

Senator from California.

Senate Office Building,

Washington, D. C.

DEAR SENATOR KNOWLAND: I have asked Mr. John Q. Rhodes, Jr., who is chairman of the interstate conference of the interstate conference of Employment Security Agencies to hand you this letter in reference to our proposed amendment to H. R. 6000 which you have so kindly consented to sponsor.

This matter was high lighted by the action of the Secretary of Labor in relation to the States of California and Washington in December 1949. Disregarding the merits of the contentious that administrative authorities in the States of California or of had not given a correct interpretation to provisions in the State laws required by Federal statutes, the Secretary of Labor compensation to states of opinion of that the Secretary's action imposes a serious threat to the orderly administration of State laws. State officials do believe that a question of conformance of State laws to Federal standards can properly be raised in circumstances where the Secretary of Labor has given their interpretation of State laws.

May I say that basically your amendment is designed to give the States only those privileges and rights they considered they were privileged to enjoy prior to the transfer of the administration of Employment Security to the Department of Labor. Prior to this transfer there was no instance in which a question of conformity with Federal standards of Title II of the Social Security Act was before the courts. The Administrator had given an interpretation of State laws—those instances in which judgmental review of administrative determinations were afforded by State laws until the ultimate judicial authority of the States have given their interpretation of State laws.

With high esteem, I remain,

Sincerely yours,

BERNARD E. TIDS.

DE MOINES, IOWA, June 18, 1950.

Senator W. F. Knowland,

Senate Office Building,

Washington, D.C.

With reference to your amendment to H. R. 6000, we believe that the amendment should be subject to review by Federal courts.

IOWA EMPLOYMENT SECURITY COMMISSION,

CARL B. STIDER,

Vice Chairman.

HARRISBURG, PA., June 18, 1950.

Senator W. F. Knowland,

Senate Post Office,

Washington, D.C.

Urging your support of amendment to H. R. 6000, introduced by Senator W. F. Knowland, of California, which provides, in effect, that the Secretary of Labor is restricted from holding States out of conformity with State laws. Likewise, the amendment provides for a State to be out of conformity unless the Secretary of Labor has found the State in compliance with such provisions. We believe the cooperation you have given our Mr. Rhodes.

With high esteem,

Sincerely yours,

INDUSTRIAL COMMISSION,

V. C. FORTIER,

Chairman.

ATLANTA, GA., June 18, 1950.

Senator W. F. Knowland,

Senate Office Building,

Washington, D.C.

Amendment of H. R. 6000, providing no State job insurance law shall be held out of conformity by virtue of an appealable action until the State court or has passed on the disputed item. State administrators consider that not only desirable but most just and proper.

BEN T. BUFT.

Commission of Labor of Georgia.

WASHINGTON, D.C., June 16, 1950.

Senator Milton R. Young,

Senate Office Building,

Washington, D.C.

Information at hand indicates Knowland amendment to H. R. 6000 desirable. Most effective administration of unemployment compensation comes with a maximum of local control.

FRED H. ANDERSON.

Secretary of Labor, South Dakota.

NASHVILLE, TENN., June 18, 1950.

Senator William F. Knowland,

Senate Office Building,

Washington, D.C.

As former administrator of the unemployment-compensation program for Tennessee and vitally interested in preserving the present State programs, I urge you to support the present State programs, I urge you to support the George loan fund as contained in H. R. 6000 rather than the reinsurance provision of H. R. 6900; also strongly support of Senator Knowland's amendment to H. R. 6000, which would prevent unwarranted interference by Secretary of Labor in State administrative and judicial procedures.

W. O. HAXE.

THE STATE OF WISCONSIN,

INDUSTRIAL COMMISSION,

Madison, June 16, 1950.

Senator W. F. KNOWLAND,

Senate Office Building,

Washington, D.C.

DEAR SENATOR KNOWLAND: We understand that you are submitting an amendment to H. R. 6000 designed to assure due process before any Federal official can hold a State unemployment compensation law to be out of conformity with Federal requirements. We strongly favor the enactment of the safeguards you propose.

Finding a State out of conformity is mighty serious business.

It usually involves many thousands of employers, by denying them millions in Federal tax credits. It could also suspend unemployment insurance payments to thousands of jobless workers, by cutting off the funds needed to operate the State unemployment compensation system.

Such a serious step should not be taken lightly. It should be adequately safeguarded, in line with our American tradition of due process of law.

We therefore hope that your amendment will be enacted.

Sincerely,

INDUSTRIAL COMMISSION OF WISCONSIN,

YVONNE WHALEY, Chairman.

WASHINGTON, D.C., June 18, 1950.

Senator OWEN BREWER,

Senate Office Building,

Washington, D.C.

This agency is in accord with amendment to H. R. 6000 by Senator KNOWLAND and will appreciate your voting for same.

Maine Employment Security Commission,

L. C. FORTIER, Chairman.

JACKSON, MICH., June 18, 1950.

Senator James O. Eastland,

Senate Office Building,

Washington, D.C.

I am informed that Senator KNOWLAND, of California, will introduce amendment to H. R. 6000 providing in effect that Secretary of Labor is restricted from holding States out of conformity under Social Security and Wagner-Peyser Acts until State courts have passed on disputed item. Respectfully urge you to support Senator KNOWLAND's amendment.

C. B. CAMERON,

Executive Director, Mississippi Employment Security Commission.

WASHINGTON, D.C., June 16, 1950.

Senator Lester C. Hunt,

Senate Office Building,

Washington, D.C.

I have been informed that Senator KNOWLAND, of California, is introducing an amendment to H. R. 6000 providing in effect that the Secretary of Labor is restricted from holding States out of conformity with the Federal act until the State courts have passed on the disputed items. The employment security commissioner has prepared a resolution on this subject at a recent meeting and we urge you to support this amendment.

CHESTER P. BOONSEN

Executive Director, Employment Security Commission of Wyoming.
Mr. SMITH of New Jersey. Mr. President, I desire to consider some aspects of the pending bill, H. R. 6000, which has been so ably discussed during the past few days. The Senate Finance Committee and its staff deserve great praise for the thorough and intelligent manner with which they have dealt with the complex problems involved in overcoming the deficiencies of our present social-security program. I should like to pay especial tribute to the able and distinguished Senators from Georgia, [Senator] HARLEY, from Colorado, [Senator] MILLIKIN, whose explanatory statements of the revisions recommended by the committee have made such a significant contribution to our understanding of the problems involved, with them that we should continue the study and investigation of social security problems, and I give my fullest support to Senate Resolution No. 300, which they have submitted for that purpose.

The amendments recommended by the committee are, in my judgment, generally sound and clearly directed to the three major faults in the social-security program. Benefits are materially increased, eligibility requirements are liberalized, and coverage is considerably widened. While there may be points on which I would take issue with the committee's recommendation, on the whole I feel that the committee has dealt with a most difficult problem in a most convincing manner. It is my purpose to support the legislation recommended, subject to one or two variations which I shall cover in my remarks.

Mr. President, in the full and convincing manner in which this whole matter has been presented and the
months of study that have gone into the development of the committee's recommendations, I would hesitate even to attempt to make comments on my own account, especially when I feel so much less qualified than those who have spoken before me. But, Mr. President, I have approached the subject and with the Senate Finance Committee in 1937 and 1947. I have been impressed with the advisory councils appointed by the President, to J. Douglas Brown, dean of the faculty and director of the industrial relations section of Princeton University. Dean Brown has been a close friend of mine for many years, and I have discussed our social-security program with him on many occasions. He has got the greatest respect for his opinions on this subject, and I have given him the benefits of a number of years and because I know that his conclusions are based on a deep conviction that a sound social-security program must rest upon the fundamental American principles. He served with distinction as a member of the Committee on Economic Security in 1934 and 1935, as chairman of the first advisory council on social security in 1937 and 1938. Mr. President, on December 9, 1949, in New York City, at the fiftieth anniversary dinner of the National Consumer League, Mr. Douglas Brown delivered an outstanding address on the underlying principles of a sound social-security program entitled "Cooperation Versus Patronizing Welfare State." The speech brought out so clearly the main point I now insist on. The question of pension plans for old age, the security of the aged, is one that we must face because of the complexity of this problem. There seem to be suggestions that we should change our admittedly complicated system into a pay-as-you-go, flat rate, universal pension plan for everybody over age 65.

Unfortunately, but inevitably, our social-security problems have become complex and highly specialized. It is most desirable that we cannot be content to rest on the concentrated and continuing study to these problems to wade through the mazes of formulae, conversion tables, eligibility requirements, and actuarial estimates, and at the same time to keep clearly in mind the basic objectives of the legislation. In an understandable search for an easier, simpler approach to the problem, a system of universal, flat-rate pensions appears as an attractive alternative.

Mr. President, this might indeed appear to be a better solution on the surface, but I am convinced that it is a dangerous solution. It is the solution that lies at the heart of the true American principles upon which our social-security program must rest.

In trying to appraise my thinking on social-security programs, I have been especially indebted to the advice of those who have specialized in this field. I have found especially helpful the reports of the advisory councils appointed by the Senate Finance Committee in 1937 and 1947. I have been impressed with the objective manner in which these councils have approached the subject and with the varied background and superlative qualifications of the members of the councils, which were stressed by the able Senator from Colorado [Mr. MILLIKIN] last Tuesday. I think it would be well to take especial note of the fact that representatives of organized labor, together with representatives of management and the public, played an important role in these councils. We should encourage the constructive participation of both labor and business in our quest for solutions to our social and economic problems. I have the privilege of a personal acquaintance with many of the members of the 1947 council. I am especially indebted, Mr. President, to J. Douglas Brown, dean of the faculty and director of the industrial relations section of Princeton University. Dean Brown has been a close friend of mine for many years, and I have discussed our social-security program with him on many occasions. He has got the greatest respect for his opinions on this subject, and I have given him the benefits of a number of years and because I know that his conclusions are based on a deep conviction that a sound social-security program must rest upon the fundamental American principles. He served with distinction as a member of the Committee on Economic Security in 1934 and 1935, as chairman of the first advisory council on social security in 1937 and 1938. Mr. President, on December 9, 1949, in New York City, at the fiftieth anniversary dinner of the National Consumer League, Mr. Douglas Brown delivered an outstanding address on the underlying principles of a sound social-security program entitled "Cooperation Versus Patronizing Welfare State." The speech brought out so clearly the main point I now insist on. The question of pension plans for old age, the security of the aged, is one that we must face because of the complexity of this problem. There seem to be suggestions that we should change our admittedly complicated system into a pay-as-you-go, flat rate, universal pension plan for everybody over age 65.

We have heard much in recent years about so-called free pensions of the Townsend variety. Of course, they are not free in the sense that social security can be achieved by some magic formula without cost. Any program that provides benefits for our aged must be paid for, either by the taxpayers working and producing, and its economic soundness is and must be dependent upon the economic soundness of the country.

However, one of the distinguishing and dangerous characteristics of all of the flat-rate, paternalistic pension plans is their failure to relate the pension benefits in any way to the past productivity of the beneficiaries. Of course, it is not free in the sense that social security can be achieved by some magic formula without cost. Any program that provides benefits for our aged must be paid for, either by the taxpayers working and producing, and its economic soundness is and must be dependent upon the economic soundness of the country.

How does our present social-security program differ in this respect from these flat-rate pension plans? Stated very simply, it does so primarily by relating benefits to past earnings and thus to the economic system that must pay for these benefits. We pay a price, to be sure, for this characteristic, just as we pay a price for the essential freedoms of a democracy. We must keep detailed records of earnings; we must devise complicated administrative systems to handle these records and to determine eligibility; and in the early years of the system we must make practical compromises in this principle to assure adequate protection to older workers who are newly covered. But I believe this price is well worth it. The truly American social-security program must retain the basic principle of relating benefits in some fashion to past earnings.

In this connection, I am concerned about the fallacy of some who have advocated the idea that we base our thinking on the type of objectives suggested by Dean Brown, I would like to analyze the major principles of our social-security legislation and the proposed amendments in the light of these objectives. Are we designing our social-security program so as to combine the three "essential ingredients" of 'individual incentive, responsibility and an effective framework against the corroding fear of insecurity?' Let me take up these ingredients in order.

1. Individual Incentive

Mr. President, in the presentations on the floor of the Senate since this debate began, I have, perhaps, inartfully gotten the impression that some of us are thinking along the lines of least resistance because of the complexity of this problem. There seem to be suggestions that we should change our admittedly complicated system into a pay-as-you-go, flat-rate, universal pension plan for everybody over age 65.

We have heard much in recent years about so-called free pensions of the Townsend variety. Of course, they are not free in the sense that social security can be achieved by some magic formula without cost. Any program that provides benefits for our aged must be paid for, either by the taxpayers working and producing, and its economic soundness is and must be dependent upon the economic soundness of the country.

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maintain reasonable differentials in benefits in light of the greatly increased wage level. I understand that under the proposal of the committee almost half of the really high-paid worker would receive would receive practically the same dollar benefit. Although a wage base of $4,200 would not allow large differentials, I believe it would give sufficient recognition to the higher paid worker to prevent the ultimate destruction of the principle of maintaining a minimum relationship between the contribution the beneficiary has made to the society of which he is a part and the benefit he receives. I feel that relationship is vital for us to preserve.

Let me emphasize at this point, Mr. President, that we are attempting here to strike a practical balance between essential and, to some extent, superficially conflicting principles. We want to provide a minimum security base without destroying the individual's incentive. If we moved in the direction of flat benefits I fear we would justifiably find with a powerful demand in future years for a level of benefits far above this minimum base.

I now come to Dean Brown's second essential ingredient:

2. MUTUAL RESPONSIBILITY

One of our greatest strengths in this country has been our determination that each of us must bear a major part of the burden of taking care of ourselves and our families while, at the same time, we are willing to cooperate with others so that we can lighten the total burden where practical. Thus, American citizens recognize that their responsibility extends beyond their own narrow, short-term self-interest, and encompasses the welfare of all citizens.

Our social-security program embodies this doctrine of mutual responsibility in at least two ways. In the first place, the benefit formula is weighted to allow a larger return for the lower-income worker in relation to his contribution to the whole system. In the second place, social-security contributions are paid by the individual by means of significant and direct contributions made by him on the basis of a recognized percentage payroll deduction.

Here again we find the free paternalistic pension plans are in fundamental conflict with an American social-security system. Paternalistic pension plans could actually be set up and made to depend on unidentified and indirect levy on the taxpaying public to allow a country to be bled white before their true cost was appreciated. Under such conditions the contributory principle would be completely thrown out of the window, and allow no immediate and tangible charge on the income of the participants to support the program.

The contributory principle, which I consider essential to a sound, American social-security program is probably the most difficult one to apply successfully on a national basis. The reason for this is that we have not yet found a way to preserve this principle and to put the plan immediately on a reasonably pay-as-you-go basis, which, of course, I should like to see happen. I believe we must move toward a pay-as-you-go basis, but I would not want to lose the contributory system.

Old age is not to the "intermediate" estimates of the committee, under the amendments they propose, the so-called trust fund would increase to about $72,000,000,000 by 1900 and then would start down again. I feel that the commission proposed in Senate Resolution 300, introduced by the Senator from Colorado [Mr. MILLS] and the Senator from Georgia [Mr. GEORGIA], will disclose the practical way to approach a more nearly pay-as-you-go plan than is contemplated in the committee amendments. It would appear to me that some modification in the tax schedule proposed by the committee will help to achieve this result. I am frank to admit, however, that I have not thought of a satisfactory solution to this perplexing problem.

That is another indication of why the plan which the Senator from Georgia [Mr. GEORGIA] and the Senator from Colorado [Mr. MILLS] have suggested should be followed through on this subject.

Let me now turn to Dean Brown's third "essential ingredient":

3. EFFECTIVE FRAMEWORK AGAINST FEAR OF INSECURITY

In a real sense, of course, our over-all social-security program, by its very nature, has as its major objective is to provide minimum safeguards for the security of individuals in a complex and highly interdependent economy. I have pointed out previously that this objective must be balanced against other objectives which are fundamental to our American way of life.

The question I should like to raise at this point, then, is whether or not a worker who is permanently and totally disabled should be included within the framework of our contributory program. I do not think that there is any doubt about the need for protection against this very serious handicap. The only question is whether it should be handled through a decentralized State-administered program or as an integral part of our Federal contributory program.

Mr. President, in the limited time available to me to analyze this problem, I have reached the tentative conclusion that the evidence supporting the inclusion of permanent and total disability protection in the program is not yet sufficient to overcome the tremendous administrative and political problems that such inclusion would raise. Let me stress, Mr. President, that this is only an initial conclusion, and that I think the commission proposed in Senate Resolution 300 should give a high priority to the consideration of the question of whether at some future time we should provide total disability in our contributory plan.

I am aware of the fact that a majority of the Advisory Council recommended that the time has come to take this step. I feel that this decision is wrong, and I find the major reason for it as was stated by two members of the Council most convincing, however.

I am especially concerned about the difficulty of evaluating permanent and total disability and about the possibility of political pressure tending to weaken the safeguards that have been proposed to prevent the abuse of the plan. My committee should not be unnecessarily as indicating a lack of faith in the honesty and conscientiousness of those who would administer the program or in the power of our elected officials to resist unjustified pressure. Am I simply attempting to be realistic and to face squarely the probability that there would be many border-line cases that would inevitably be subject to conflict opinions.

There are, to be sure, serious social disadvantages in the administration of aid to disabled persons on an assistance basis. I have always favored the replacement of the public assistance portions of our social-security program where practical with systematic protection based on the contributory principle. It is true, moreover, that the forced retirement of the permanently and totally disabled individual often far in advance of retirement due to old age. In fact, the economic impact of income loss due to disability is far more serious than is normally the case with regular retirement. In view of these points, I think that the arguments for meeting the problem at the State level are more compelling.

I feel very strongly that before we embark on a program of Federal contributory disability protection, every effort should be made to encourage the States to establish an effective decentralized system for disability assistance. Only if such efforts are actively pursued, and if future experience proves that State programs are not doing an effective job in this area, would the conclusion be justified that the Federal Government should step in as has been proposed.

Mr. President, I have purposely avoided the use of the words "social insurance" in this discussion. I have done so because I think these words tend to cause confusion and misinterpretation. A national social-security system cannot operate on the same basis as a private insurance program. The contributions of today's workers cannot be successfully held in reserve to be used in paying benefits to these same workers in future years. But it is possible, I believe, for the contributions of today's workers to be directly identified with a system of old-age benefits in such a way that this identification will serve as a constant reminder that benefits are interdependent. Furthermore, by maintaining the essential relationship between previous earnings and ultimate benefits, we can avoid the enlisting of such a system for the equalization of benefits and preserve the truly American character of our social-security system. We can, Mr. President, avoid the paternalistic welfare state and, instead, work for a Federal program that is consistent with democratic capitalism.

It is not an easy task to find solutions to our social-security problems, and, as I have previously stated, I will be glad to discuss the detailed factual questions that are raised by those who have studied and specialized in this field. But as I have analyzed the basic objectives that
an American social-security program must have, I have become convinced that we must steer away from a universal, noncontributory pension system in which the beneficiaries are separated from the taxpaying group and the beneficiaries are separated from the beneficiaries. The American people want to sustain democratic capitalism under a cooperative welfare state. It is the challenge to statesmen, administrators, and social scientists to learn how to implement this common desire of the American people. The answer is action, not change for the sake of change about welfare. We need the finest arts of policy development and administrative planning. We need courage for dynamic experimentation and progress in the development of the contributory social insurances, for example, just as we need courage for experimentation with nuclear energy. We need the one for sustaining justice, welfare, and liberty, just as we need the other to provide for the common defense. The cooperative welfare state must be concerned with many other endeavors—the self-fulfillment, support of development, treatment, irrigation, highways, hospitals, adult educational services, etc. It is the effort of a free people, through the organization of the state, to help each other in areas where private enterprise alone is insufficient.

There is no question that private enterprise is the mechanism for activity in the vast, major areas of economic life. It assures incentive, flexibility, and progress in providing the means for general welfare. But where private enterprise is not enough, and where public action is necessary in the area of general welfare, it is important to the survival of democratic capitalism that as much as possible be accomplished by cooperative action rather than by public paternalistic action. States, like individuals, are tempted to become paternalistic. The higher calling is to use our intelligence and our energies to help people help themselves. That mission, successfully accomplished, will promote justice, welfare, and liberty, under democratic capitalism in a cooperative welfare state.

What kind of social security measures best fit the American way of life? Accumulating experience indicates that the survival of democratic capitalism depends upon the genius of man in combining three essential ingredients:

1. Individual incentive.
2. Mutual responsibility.
3. An effective framework against the corrod ing fear of insecurity.

In the agricultural period in the development of America, individual incentive was the most important of these three ingredients. The farmer and the shopkeeper of colonial days thrived because of individual incentive, and the simple economy thrived with them. The factory system and the coming of the railroads and other public utilities introduced new and intricate relationships of mutual responsibility. And now vast aggregations of independent activities by their very size and the impact of impersonal forces upon individuals necessitate greatly enhanced safeguards against arbitrary and overwhelming contingencies.

But no social security system is safe or conducive to the survival of democratic capitalism that does not sustain the other two ingredients essential to survival—individual incentive and mutual responsibility.

The American system of social security must, therefore, be built around social insurances and not dependency relief or free benefits such as sought by those who favor Townsendism. To preserve incentive, social-insurance benefits must be related to past productivity—employment and earnings with full differentials according to the degree to which the individual has contributed to the society to which he is a part. To preserve mutual responsibility, social-insurance costs must be shared by the individual insured through a direct, immediate, and tangible charge upon his income. So far as is possible, protection must be an earned and individual right, a specific protection against dependency, not a sugar-coated form of paternalistic relief, whether provided on a retail or a wholesale basis. Dependency relief will still be needed in many cases, but we must build on an effective structure of contributory social insurances to reduce constantly the scope of dependency relief.

In summary, then, an urban, industrial society demands a framework against the corroding fear of insecurity. A democratic, capitalistic society demands a social-security system in which individual incentive and mutual responsibility are preserved. The only mechanism yet invented to meet these two pressing demands is contributory social insurance with benefits varying with the earnings of the insured. That is the mechanism of a cooperative welfare state and a bulwark against the growing pressure toward a paternalistic state.

The critical question is: Will the American people take the right road in the choice between the cooperative as opposed to the paternalistic welfare state? Will they through ignorance or a softening of our moral fibers take the primrose path to state paternalism? A decade or a century from now men may look back and say that the decision was made in the year 1949. The America of that time will be a vastly different nation according to the decision we make in the months immediately ahead.
SOCIAL SECURITY ACT AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H. R. 6000), to extend and improve the Federal old-age and survivors insurance system; to amend the public assistance and child welfare provisions of the Social Security Act; and for other purposes.

Mr. LEHMAN. Mr. President, I send to the desk amendments intended to be proposed by myself, the Senator from Connecticut [Mr. BENTON], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Montana [Mr. MURRAY], the Senator from West Virginia [Mr. KILGORE], and the Senator from Utah [Mr. THOMAS], which would provide a wage base of $4,800 for the old-age and survivors insurance program; and amendments intended to be proposed by myself, the Senator from Minnesota [Mr. HUMPHREY], the Senator from Florida [Mr. PEPPER], the Senator from Oregon [Mr. MORSE], and the Senator from Montana [Mr. MURRAY] providing for the establishment of a program of Federal grants for medical assistance payments to the needy, to the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system; to amend the public assistance and child welfare provisions of the Social Security Act; and for other purposes.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table. Mr. LEHMAN. Mr. President, I have prepared a statement on amendments to the pending social-security measure, including explanatory statements on each of the amendments I have introduced,我自己, the Senator from Minnesota [Mr. HUMPHREY], the Senator from Florida [Mr. PEPPER], the Senator from Oregon [Mr. MORSE], and the Senator from Montana [Mr. MURRAY] providing for the establishment of a program of Federal grants for medical assistance payments to the needy, to the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system; to amend the public assistance and child welfare provisions of the Social Security Act; and for other purposes.

The PRESIDING OFFICER. The amendments were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN ON CERTAIN AMENDMENTS TO H. R. 6000, THE SOCIAL SECURITY BILL; AND STATEMENTS ON INDIVIDUAL AMENDMENTS

Mr. President, I have joined with some of my colleagues in sponsoring liberalizing amendments to the pending social-security measure, including explanatory statements on each of the amendments I have introduced, have joined in introducing, or which I support. Because of the time limitations, I ask unanimous consent to introduce my covering statement and my explanatory statements on these amendments into the body of the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN ON CERTAIN AMENDMENTS TO H. R. 6000, THE SOCIAL SECURITY BILL; AND STATEMENTS ON INDIVIDUAL AMENDMENTS

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There being no objection, the statements were ordered to be printed in the RECORD, as follows:
physical disability, unable to continue to earn the livelihood before they reach the age of 65.

We must not lose sight of our objective—which is to provide social security for the greatest possible number of our citizens, and to extend as widely as possible the system to which we are committed, namely, a system of sound reserves, based on contributions by both employer and employee, which will provide protection for the greatest possible number of our people against insecurity in old age or in disability.

In improving and extending the insurance system, we must also make that system as attractive as possible. And provision must be made for the number of years spent in gainful employment. This is the reason for the pending amendment on increments. It would be un-American, in my judgment, to pending amendment on increments. It

recommended by the Senate advisory council on social security.

The second series of amendments deals with amendments of which I am a cosponsor. These amendments are:

1. Amendment to increase the wage base for old-age and survivors insurance.

2. Amendment to provide for an increase in old-age and survivors insurance benefits on the basis of participation and contribution to the old-age and survivors insurance fund.

3. Amendment to authorize old-age and survivors insurance benefits to be paid to eligible participants in the program before the age of 65, in the event of permanent and total disability incurred before that age.

4. Amendment to include under the old-age and survivors insurance program employees of transit systems which have been taken over by municipal or State governments, even if such employees may be blanketed into a State or municipal retirement system.

5. Amendment to authorize an increase from $50 to $65 monthly in State old-age assistance payments, with the Federal Government paying one-third of such increase, based on contributions to the insurance fund.

6. Amendment to provide Federal grants-in-aid to States, for the purpose of the Social Security Act.

7. Amendment to extend Federal old-age and survivors insurance benefits to employees who have worked 60 days in the calendar quarter rather than 40 days. This would extend coverage to an additional 775,000 farm workers.

The third series of statements is addressed to those amendments sponsored by one or another of my colleagues which I support and for whose approval I urge, although I am not a cosponsor. They include:

1. Amendment to provide Federal matching of assistance payments to adult relatives of recipients of old-age assistance payments.

2. Amendment to provide for the purpose of the old-age and survivors insurance program of the family assistance payments of the old-age and survivors insurance benefits.

The second series of statements is addressed to the provisions of the Social Security Act, those now in effect and those under consideration. I believe that these citizens of ours, living in these two Territories on the same basis as it is made available to Hawaii, Alaska, or the States of the Union.

I recognize that time for debate on these great questions is limited and will be even more severely limited tomorrow. That is why I should explain to the Committee, or in favor of other legislation which awaits our attention.

Here are prepared separate statements bearing on some of the amendments whose approval I urge, and regarding which I may not have an opportunity to speak at any length at a later time.

The first series of these statements is addressed to those amendments of which I am the principal sponsor. They include:

1. Amendment to include tips as wages in computing social-security benefits.

2. Amendment to include wholesale outside salesmen as "employees" for the purposes of the old-age and survivors insurance program.

3. Amendment to include certain groups of agent-drivers as "employees" for the purposes of the old-age and survivors insurance program.

4. Amendment to include "homeworkers" under the provisions of old-age and survivors insurance program.

5. Amendment to include under old-age and survivors insurance program domestic workers who work a minimum of 40 hours a week for one family or a single employer who receive as wages from that employer a minimum of $60 during that quarter.

6. Amendment to include Puerto Rico and the Virgin Islands under public-assistance provisions including aid to the blind, the aged, the disabled, and the dependent children.

7. Amendment to provide Federal grants for medical care to the needy, on the basis

in the law the status of wholesale outside commission salesmen as employees for the purpose of the Social Security Act.

These people are employees. The courts have found that they are employees. The Gearhart resolution, passed by the Eightieth Congress, declared that they were not employees. But I do not believe that they should be so regarded and should be covered by the old-age and survivors insurance program on the same basis as salesmen of petroleum products who apparently do not wish to be covered. House-to-house salesmen are also excluded.

There is no reason for the exclusion of the wholesale outside salesman from the old-age and survivors insurance program. Those of us who have had to appraise the death of a salesman may know something of the emotional and other problems of this group.

Security is a vital need of these people. They should be included as employees, and not as self-employed. They are not self-employed, regardless of the commission basis of compensation. They are in a contractual relationship. There are no administrative difficulties in the way of making payments and deducting from the compensation paid them by the

The purpose of this amendment is to provide Federal matching of assistance payments to adult relatives of recipients of old-age assistance payments.

This amendment is designed to assure workers, part of whose compensation customarily consists of tips, that their entire compensation will be included in the computation of their social security old-age benefits.

This amendment is supported by the labor unions representing employees who work for wages plus tips. These workers are perfectly willing to pay tips and withholding taxes on them for social-security purposes. The fact is that many employees in the service trade, who consider tips part of their compensation in tips. To exclude this compensation from wages in computing social-security payments and benefits would be to deprive these employees of the old-age benefits available under social security. In some service trades tips represent as much as 75 percent of compensation for these workers.

The strange argument is made against this amendment that workers do not wish to report their tips. The second series of statements says that the pending amendment is a canard. In any event, the pending amendment places the responsibility squarely on the employer. He must report on their tips for social-security purposes if he does not wish to. The employer pays tax, just as the employer pays, only on the amount of tips reported.

There are no absolute figures on the number of employees who customarily receive tips on the amount on which they are paid. It is estimated that waiters and waitresses alone receive tips of about $2.75 per day in tips. In addition, of course, there are bellhops, taxi drivers, barbers, beauty parlor operators, messengers, and many other salespeople, who receive a substantial part of their earnings in tips. In order to facilitate the reporting of tips as earnings, my amendment provides that tips would be counted only if the employee reported the amount of such remuneration to his employer within 10 days after the end of the calendar quarter in which the tips were received. This provision was included in the House bill.

The amendment contains also a provision which was not in the House bill. The bill as passed by the House was objected to on the ground that the employer would be liable for both his own and the employee's tax on the amount of tips received, he might have no opportunity to deduct the employee's tax on the amount of tips reported by the employee.
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wholesale companies for whom these salesmen work. The situation is now loose and untrustworthy, as a result of the Gearhart resolution and of the prevailing practice of letting the employer decide whether the salesman is an employee or self-employed. This situation can and should be remedied by the insertion of language which will slim or self-employed, prevail the practice of letting the employer a result of the Gearhart resolution and of the

The amendment in this amendment is as simple as the amendment, itself, is desirable. This amendment would include as an employee for social-security purposes agents, drivers, or commission drivers engaged in distributing products not covered in the specific enumeration in the committee version.

The committee bill includes as employees agent-drivers who distribute meat products, bakery products, or dairy or cleaning services.

There is a substantial number of agentdrivers, some of whom, it is believed, are to be employees under the usual common-law rules for determining the employeremployee relationship. The pertinent legal citations are: Rees v. Murphy (44 N. E. 2d 876 (Ill.)); Andrews v. Commodore Knitting Mills, Inc. (15 N. Y. S. (2d) 657). Under workmen's compensation laws, homeworkers have also been held to be employees. (De Jong v. Allied Mutual Liability Insurance Co. (44 N. J. 320, affm'd. 116 N. J. L. 101). Similarly, under the Federal Fair Labor Standards Act, homeworkers have been uniformly held to be employees. Home workers Handicraft Cooperative (176 F. 2d 633); Wasting v. American Needle Craft, (150 F. 2d 576); Glenn v. Beard (141 F. 2d 378); Kentucky Cottage Industries, Inc. v. Glenn (39 F. Supp. 643).

The resolutions are based on the judicial finding that homeworkers are not subject to a sufficient degree of control to constitute employee relationship. The courts have found that with respect to the performance of the work involved, these workers are not controlled in fact as to how, when, and where they shall perform their work. For unemployment compensation purposes, homeworkers have been held to be employees and to be eligible for unemployment compensation in the States of Illinois and New York.

The pertinent legal citations are: Peasly v. Murphy (44 N. E. 2d 876 (Ill.)); Andrews v. Commodore Knitting Mills, Inc. (15 N. Y. S. (2d) 657). Under workmen's compensation laws, homeworkers have also been held to be employees. (De Jong v. Allied Mutual Liability Insurance Co. (44 N. J. 320, affm'd. 116 N. J. L. 101).

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In 22 jurisdictions today, homework is regulated by law. In some instances these homeworkers are defined as employees. In other instances they prescribe minimum rates of pay to be paid homeworkers and the maximum hours they may work. They provide for the licensing of homeworkers and to report to State agencies regarding the amount of work performed by homeworkers. The requirements of the State of New York are fairly typical in this regard. These regulations include the following:

1. The homeworker is permitted to work for only one employer.
2. The employer is required to furnish all materials and articles directly to the homeworker.
3. The homeworker is covered by workmen's compensation insurance.
4. A homeworker shall be paid at least the same rate as is paid to shop workers in the same operations.
5. The employer and the homeworker are required to keep records of the date the work is issued, the amount of work given out, the operations performed, the rate of pay, the date of return of the work, the amount of work returned, and the total payment made to the homeworker.

Hence, there can be no logical basis for excluding these homeworkers from the application of old-age and survivors insurance.

Amendment to extend coverage to domestics

There are approximately 2,500,000 individuals employed as domestics in the United States.

The Senate committee version of H. R. 6000 would extend coverage under the old-age and survivors insurance program to about 1,000,000 individuals, excluding all those regularly employed who receive a minimum of $50 in a calendar quarter (133 days' work) under the same employer. The definition of regularly employed under the committee bill would be employment for at least 24 days in a calendar quarter. My amendment would reduce this requirement of days employed to 8 days in a calendar quarter, but would retain the $50 minimum of compensation to be received by any single employer in a calendar quarter. I estimate that my amendment would extend coverage to approximately 800,000 additional workers.

The Senate committee bill is a real forward step toward providing social-security coverage for domestic help. This is needed more than any other single occupation. But the Senate bill does not go far enough.

More than half of the domestics employed in the country do not work at any rate below $2 an hour. Many domestics receive as little as $1 an hour. The Social Security Board has found that with respect to the performance of the work involved, these workers are not controlled by, how, when, and where they shall perform their work. For unemployment compensation purposes, homeworkers have been held to be employees and to be eligible for unemployment compensation in the States of Illinois and New York. The pertinent legal citations are: Peasly v. Murphy (44 N. E. 2d 876 (Ill.)); Andrews v. Commodore Knitting Mills, Inc. (15 N. Y. S. (2d) 657). Under workmen's compensation laws, homeworkers have also been held to be employees. (De Jong v. Allied Mutual Liability Insurance Co. (44 N. J. 320, affm'd. 116 N. J. L. 101).

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Hence, there can be no logical basis for excluding these homeworkers from the application of old-age and survivors insurance.
It is true that Puerto Rico and the Virgin Islands do not pay Federal income taxes to the United States Treasury. But this waiver constitutes recognition of the lower level of the economy of these islands. It is a recognition, a step in many Federal programs, Puerto Rico and the Virgin Islands receive benefits on the same basis as States. As a Senator from the mainland, I am likely to be more wise in favor of extending the public-assistance provisions, and all other pertinent provisions of the social-security program, to Puerto Rico and the Virgin Islands.

The extension of the public-assistance provisions to Puerto Rico and the Virgin Islands raises a special problem. There is an annual employment program, and its purpose is to fill the need, for reasons of international reputation also, it is important to our Nation that this Congress take favorable action on this amendment. We have made strong representations before the world in regard to the treatment of dependent peoples. The world is watching what we do for our dependent peoples.

It is important that our concern for them and our actions in their behalf match our oft-expressed concern for the poor. Our Latin-American neighbors will note with keen interest whether what we do for the people of these areas of our Nation matches what we do for Americans of other racial strains.

To do justice to our United States citizens, and to do justice to our national aims and international reputation, this amendment must be approved.

AMENDMENT TO INCREASE MEDICAL AND HOSPITAL CARE FOR THE NEEDY

This amendment would provide Federal financial aid for the needy, the blind, dependent children, etc. My amendment carries out the specific terms of the recommendation made by the Advisory Council on Social Security to the Senate Finance Committee. These recommendations were to the effect that the Federal Government should provide medical care grants to the States based on the number of individuals receiving public assistance in all forms in each State.

Each State would receive up to $6 monthly per person served by public-assistance, or $3 monthly for each child on the public-assistance rolls, and $3 monthly for each child on the public-assistance rolls, the State could receive up to 50 percent of its expenditures for medical care grants to the needy, the blind, dependent children, etc.

This amendment is intended to provide a practical means of carrying out these recommendations.

AMENDMENT TO INCREASE WAGE BASE OF OLD-AGE AND SURVIVORS INSURANCE PROGRAM

The House version provides some assistance, but omits them from the public-assistance grants to pay for the cost of medical care to the needy, but retains the same basis as the States. I am In favor of that. I am like­wise in favor of extending the public-assistance provisions, and all other pertinent provisions of the social-security program, to Puerto Rico and the Virgin Islands.

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present law has not risen. On the contrary, this benefit has decreased by 40 percent in terms of its purchasing power. That is the measure of the loss in protection caused by the increase in the price level and the benefit structure has not changed correspondingly.

Even under the liberalized benefit formula, as proposed in this bill, the man who earns more than $3,000 a year will not have restored to him the same degree of protection as he had under the present law at the wage-price level of 1940. For example, a man who was averaging $3,000 per year in 1940, would receive $72.50 in 1953, after 2 or 3 years of contributions. However, the benefit of $72.50 under the pending Senate bill would give this hypothetical worker a purchasing power of only $43 in terms of the 1940 wage-price relationship.

Consequently, this bill fails to restore even the 1940 value of the benefit享受ed by a hypothetical worker in 1939. The wage base should certainly be increased in order to restore the retirement protection given workers when the program was started.

As Dr. Slichter said in the article I have referred to (a digest of which I inserted into the CONGRESSIONAL RECORD on May 15, 1950): "The average American worker has a pension law on the books and to let this law become steadily less and less adequate because of the rise in prices, is like building a house on the sand."

Wage rates, already double what they were in 1939, are expected to rise even higher in the future. If we retain the $3,000 wage base now in the law, we will be tying the OASI system of retirement to a wage-price level of 1940. If we keep the $3,000 wage base, we will be tying the OASI system to a wage-price level of 1940. For example, a man who was averaging $3,000 per year in 1940, would receive $72.50 in 1953, after 2 or 3 years of contributions. However, the benefit of $72.50 under the pending Senate bill would give this hypothetical worker a purchasing power of only $43 in terms of the 1940 wage-price relationship.

It has taken more than 10 years to bring this stage of the legislative process improvements in the law that were known to be needed almost as soon as the 1939 amendment. Only by retaining this increment in the for-
The selection of risks is too narrow and the premiums far too high to be available to the average or low-paid worker. Individual companies of course cover only their own special risk groups. Federal, State, and local retirement and disability programs are likewise limited to the coverage of comparatively few workers. For example, the Social Security program covers only work-connected disability—a bare 5 percent of all permanent total disabilities.

The liquid assets of the average family are too small to withstand the steady heavy drain. The worker with his family's serious disablement. With $600 or less in the bank—that's about the national average—a family soon exhausts its resources.

Disability Insurance is needed not only to provide continuing income for those workers who become disabled; it is also necessary to correct very serious inequity under the present law.

At the present time, long periods of disability before the age of 65 may reduce the amount of permanent and total disability which could be determined and a status of permanent disability before age 65. It is a shock to many workers when they discover that prolonged disablement may actually cause reduction in their eventual retirement and survivors benefits. Maintenance or a disability policy which is common under other Federal and State retirement plans, and under many private insurance policies. In many of these latter policies, premiums otherwise payable are waived when the policyholder becomes disabled.

I do not see how we can continue programs of this kind if the law which in effect, forfeit the rights of disabled workers to retirement and survivors benefits, and wipe out entirely the benefits which they have accumulated.

We are not dealing here with malingerers or hypochondriacs. These are the working men and women of America who have suffered disablements. They should not be forced, in desperation, to seek charity or undergo the humiliation of the pauper's oath.

As stated by the Advisory Council to the Senate Committee on Finance—

The Council believes that the permanently and totally disabled workers—as well as the aged worker or the dependent survivors of a deceased worker—should not be required to reduce himself to an inadequate insurance before he can become eligible for benefits. Certainly there is as great a need to protect the self-reliance, dignity, and self-respect of disabled workers as of any other group. The protection of the material and spiritual resources of the disabled worker is an important part of preserving his will to work and plays a positive role in his rehabilitation.
I urge the approval of this amendment which would increase 75,000 additional farm workers under the old-age and survivors insurance program.

I therefore urge the approval of this amendment which would authorize federal grants for payments to adult relatives caring for dependent children.

I wholeheartedly support and urge approval of an amendment to the Senate committee bill to restore the House-approved provision for federal aid to adult relatives caring for dependent children.

This is a long-overdue amendment to title IV of the Social Security Act which will make it possible to include grants for state assistance payments to the mother or other relative responsible for dependent children already receiving federally aided Aid to Families with Dependent Children.

The Senate Finance Committee eliminated this provision from its recommended version of H. R. 6000.

The amendment would permit the Federal Security Agency to reimburse the States for a proportionate share of payments made to mothers or other relatives of children receiving Aid to Families with Dependent Children.

This proposal is a simple matter of humanity, common sense, and justice. It is obviously neither humane nor sensible to make provision for children who are needy because of the death, disability, or desertion of their parents, and then refuse to make provision for the mother of such children.

This is particularly true in view of the pitiful inadequacy of the Federal funds now made available for such children, especially as compared to the Federal funds available for the needy aged and blind under titles II and V of the OASI program.

Under the present law, the Federal Government will reimburse States for payments made to the first child in such a family only up to a maximum of $27 a month, the maximum Federal share being $15.50. The Senate Finance Committee has recommended a small increase in this ceiling up to $30 a month, with an increase in the maximum Federal contribution to $18.

But since in the Senate committee version of the bill this will also cover the expenses of the unemployment insurance program of the person, as compared to the $50 per individual in Federal funds available for a needy old aged or blind person.

It is certainly neither equitable nor sound policy to make these investments in our future citizens than it is to provide decently for those who are helpless.

The American Legion, which has long championed the needs of children through the splendid work of its child-welfare committees, has been particularly vocating this change in the Social Security Act. The American Public Welfare Association, the American Federal Council of Churches, welfare, union, and women's groups have joined in pressing for this reform.

The Senate Finance Committee proposes to liberalize the treatment toward children who, though not children of their own, are dependent on their Government for the means to grow into healthy, happy members of the citizenship deserves the support of every Senator.

AMENDMENT TO GIVE EMPLOYEES OF FARM COOPERATIVES CREDIT FOR PAST CONTRIBUTIONS TO THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE SYSTEM

This amendment would grant relief and security to the status of employees of farm cooperatives whose eligibility for participation in the old-age and survivors insurance program has been somewhat clouded in the past.

Under the present law, in both the House and Senate versions, these employees appear to be definitely covered by the OASI program.

Their future status seems to be clarified.

The purpose of the pending amendment is to give proper credit for the past contributions of these farm workers. If their eligibility is maintained, they might be covered in the past and hence made contributions to the system.

The committee has concluded that these employees were not eligible and hence their past contributions might be considered forfeited. This amendment would provide that these past contributions be counted. Thus the coverage would be made retroactive in all cases in which employees made contributions and considered themselves to be members of the system.

This amendment will remove all legal doubt as to the past status of these employees who have contributed, and clarify their status for the future.

AMENDMENT TO MAKE CHILD-WELFARE-SERVICE GRANTS AVAILABLE ON JULY 1, 1950

The purpose of this amendment is to advance the date on which the availability of Federal grants for child-welfare services.

The committee provided that these funds would be made available on July 1, 1951, in the belief that the governmental machinery would not be established until that time to handle these funds.

The fact of the matter is that in many States, this machinery has already been set up. This program can then be carried on in these States, as soon as the funds are available. Indeed, in some States, the States are prepared to go ahead with this program, in anticipation of these funds.
Mr. KERR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The cumulative clerk proceeded to call the roll.

Mr. HENDRICKSON. Mr. President, I ask unanimous consent that the order for a call of the roll be rescinded, and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUCAS. Mr. President, the Senator from Washington (Mr. MAGNUSON), who is absent by leave of the Senate, has requested me to submit for him an amendment intended to be proposed by him to the bill (H. R. 6000) to provide for a pooled national old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes. He has been absent from the Senate since the foregoing amendment comes up for discussion. The amendment is supported by the Washington Federation of State Employees and the Washington State Federation of Labor.

At the request of the Senator from Washington, I ask unanimous consent that the amendment, together with correspondence, a telegram, and a memorandum of the legislative counsel, explaining the amendment, be printed in the Record at this point.

The PRESIDING OFFICER. The amendment will be received and printed, and without objection, Mr. Amendment, correspondence, telegram, and memorandum, will be printed in the Record. The Chair hears no objection.

The amendment submitted by Mr. LUCAS (Mr. MAGNUSON) is as follows:

On page 292, line 17, before the period, insert a comma and the following: "unless such agreement contains such provisions as the parties shall determine to be appropriate to secure, so far as it is practicable and feasible to do so, that such retirement system will not be applicable to any of such employees or members of such bargaining unit to which the benefits provided under such retirement system will not be reduced."

The correspondence, telegram, and memorandum are as follows:

WASHINGTON FEDERATION OF STATE EMPLOYEES,

Hon. WARREN G. MAGNUSON,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MAGNUSON: In previous correspondence with you, you are acquainted with the position of our organization with regard to the Washington State employees retirement system. We are wholly in favor of the Washington State employees retirement system and of social security to public employees. We are unalterably opposed to the provision in H. R. 6000 passed by the House of Representatives in this Congress, that completely excludes public employees already in an existing local retirement system. Largely through the efforts of our international, the current social-security measure as it was passed by the House (H. R. 6000) contained a provision (section 218 (d)) which would require a referendum vote among members of an existing retirement system, and a two-thirds favorable vote in such a referendum to allow new members could be included into social security. Our organization highly favored this provision.

However, considerable opposition developed from groups that are not truly representative of public employees to this provision, with the result that in Senate Finance Committee eliminated the provision and substituted the same obnoxious provision of total exclusion contained in H. R. 2853. The Washington Federation was in session at a constitutional convention at Omaha, Nebr., at the time, and called for a public hearing of all State delegations from States having local retirement systems. From this hearing came a new proposal: amendment, that completely satisfied the entire membership of our international, and was adopted unanimously by the convention. Our proposed amendment is: That as a substitute for the House proposal in section 218 (b) and the Senate Finance Committee's provision, that section 218 (b) be amended to read substantially as follows:

"Public employees who have a pension plan and/or retirement system which would be made applicable to any of such employees or members of such bargaining unit to which the benefits provided under such a retirement system but only if the governing body with respect to such retirement system agrees that the benefits provided under such a retirement system will not be less, and additional retirement benefits of such a retirement system will not be reduced, and any increase in retirement benefits for our public servants."

With kindest personal wishes, I am, Respectfully yours,

WARREN G. MAGNUSON,
United States Senator,

WASHINGTON FEDERATION OF STATE EMPLOYEES,

Senator Warren G. Magnuson,
United States Senator,
Washington, D. C.

DEAR MR. MAGNUSON: In my response to your letter of May 19 I stated that I was exploring further the possibility and desirability of such an amendment to H. R. 6000 as you proposed. I have discussed the matter at considerable length with our legislative counsel. That discussion was supplemented by subsequent conversations between the counsel and my assistant, Mr. Hoff. The attached memorandum contains the gist of these conversations.

I should like to have you study the memorandum and the subsequent conversations. They will give you my best judgment as to whether you wish me to proceed—also your reactions to the questions Simms poses.

Best personal regards,

Sincerely,

WARREN G. MAGNUSON,
United States Senator,
Olympia, Wash.

MEMORANDUM FOR SENATOR MAGNUSON

This memorandum is to confirm my telephonic conversation relative to the amendment to H. R. 6000 suggested in the letter to you dated May 19, 1950, from the Washington Federation of State Employees. Under H. R. 6000, as reported by the Senate Committee on Finance, an agreement be-

ning our systems with social security. The American Federation of Labor and the AFL stand on this question. We are supported by the American Federation of Teachers, and the International Association of Technical Engineers in this State, both of which unions are vitally concerned with local retirement systems.

For your information, there is probably no State in the Union, whose public employees are now more thoroughly covered by existing local retirement plans. The Washington State employees retirement system is the seventh largest local retirement system in the Nation. At this date, all State employees except those covered by other systems, such as teachers, and State police, within the State, groups of 29 counties in this State, about half of the operating PUD's, most of the port districts, 80 percent of the noncertified employees of school districts and a portion of the political subdivisions altogether about 24,000 members. Then there is the large teachers retirement system, the Penmen's pension system, the city-wide system with about a dozen municipalities and eight of the larger cities with their own retirement plans.

All of us who have worked through employee unions for these retirement plans realize that the benefits are wholly inadequate, but must be limited by available local tax revenue, so that our only chance of ever securing an adequate retirement program for the public employees of this State will be through an eventual supplementation of our plans with Federal social security. Our legislation in 1926 made provision for social security coverage whenever available, so at all times we have looked forward to combining these systems with social security. The amendment placed on H. R. 6000 by the Senate Finance Committee sounds the death knell to all hopes of ever securing adequate retirement benefits for public employees of this State. Therefore I personally urge you to give this matter your most careful consideration. We believe that our public employee in this State will be grateful to you.

Our proposed amendment so completely protects existing retirement systems that any opposition to this amendment can only come from those who are opposed to
Federal Administrator for coverage of State and local employees (presumably as a result of a State enabling act) would not be in a position to agree that future legislatures of the State could alter the benefits payable under the Federal Social Security system, but would be in a position to have the State or local political subdivision in the agreement provide for continuing the benefits payable under the State or local political subdivision without changing them. This follows from the fact that one legislative body cannot bind its successors to take or not to take certain action in the future.

A further consideration that should be kept in mind in connection with the proposed amendment is that if the States and local political subdivisions are prohibited from reducing the benefits payable under the State or local retirement systems, the cost of covering State and local employees would be borne by the employees themselves and met by additional expenditures for retirement purposes by the State or the local political subdivision. In other words, the State or local political subdivision will not be able to use for the purpose of social-security coverage of its employees the same money which it now contributes to the State or local retirement system applicable to such employees.

The amendment submitted with this memorandum provides that the agreement between the State and the Federal Social Security Administrator shall not be made applicable to State or local employees covered by a State or local retirement system unless the agreement is made to be applicable to State or local employees or local government employees or local government employees of the same State; and, further, that the agreement made applicable to State or local employees shall not be made applicable to the same employees covered under the Federal Social Security Act. I am of the opinion that this amendment is feasible to do so, that such retirement system or local government employees or local government employees of the same State which is allowed to be covered under the broadened Federal system, once Uncle Sam so decided. I repeat, Wisconsin is the only State in the Union which has made provision for such integration from the very start.

AMENDMENT IS DRAFTED TO AFFECT ONLY WISCONSIN

Third, in view of that fact, this amendment which I have in my hands has been drafted so that the integration would only cover employees of Wisconsin. They are the only individuals whose State statute, as of January 1, 1950, permitted integration. None of the other 47 States is thus affected in the slightest way.

FINANCE COMMITTEE EXCLUDED FOLKS NOW COVERED

Fourth, the Senate Finance Committee decided not to cover any individual who is already covered under a State retirement system, but to allow those individuals who might in the future come into such a system to be covered.

I personally feel that there is no reason under the sun why the 90,000 individuals now covered under the Wisconsin statute should be denied this opportunity. If they were so deniled, the various State and county governments in my State would have a terrible problem trying to compete for employees with Uncle Sam.

FORD, GENERAL MOTORS, AND SO FORTH, SUPPLEMENT FEDERAL WITH PRIVATE PENSION

Fifth, to allow these individuals to have their regular State coverage supplemented by social-security coverage is similar to allowing the employees of private industry to have their Ford Motor Company, pensions or some General Motors' pension, or other pensions, supplemented by Federal coverage. What is good for a private-industry employee is also good and fair for a Government employee.

WE SHOULD NOT LOWER STATE EMPLOYERS' MORALES

Sixth, it seems to me that one of our major aims is to give force and vitality to State, county, and local governments, rather than to take any action which would impair them or lower the morale of their employees.

NO OPPOSITION IN WISCONSIN

Seventh, there is no opposition to this amendment from any State. The teachers, policemen, and firemen are not affected, so the organized teachers, policemen, and firemen groups definitely do not oppose this amendment. Their county employees' association definitely supports it. Many mayors of municipalities and other officials have written to me in support of the amendment. The League of Wisconsin Municipalities endorses it. Various Government unions support it. I have previously placed in the Record the texts of many of these various supporting resolutions.

Nor have I heard from opposition from other States of the Union. There is, in summary, no need for any opposition because this amendment merely protects the unique Wisconsin system without harming or affecting anyone else.

I HOPE SENATOR GEORGE WILL ACCEPT AMENDMENT

It is my earnest hope that the distinguished chairman of the Senate Finance Committee (Mr. Georzak) will see his way clear to accepting this amendment and taking it to conference.

Eighth. Let me point out that two out of every three employees covered by the Wisconsin Retirement Fund past the age of 65 has not retired. Why? Because the State pension is so pitifully small it would be practically impossible to survive on it.

COMPARISON OF SENATE AND HOUSE VERSIONS

Ninth. As further clarification, let me compare the Senate and House versions of H. R. 6006 on this point:

(a) Under the version approved by the Senate, provision is made to cover State and local government employees on a voluntary basis by means of a Federal-Pension Fund. However, no employee could be covered if they were covered by a retirement system at the time the agreement is made applicable to the coverage group. In other words, the State of Wisconsin's employees would not be covered because Wisconsin happens to have been foresighted enough to cover its employees by a retirement system.

The purpose of this amendment is, therefore, to make sure that Wisconsin is not penalized for its foresightenedness. Thus, the amendment would enable Wisconsin to cover its employees.

(b) Under the House version, on the other hand, State and local government employees now covered under a retirement system could have been covered provided two-thirds of a majority participating in a written referendum has voted for it. We are perfectly willing to have this two-thirds optional election feature. However, since the Senate Finance Committee knocked out that provision, the only option we have achieved is voting on an amendment such as I have proposed.

CONCLUSION

May it be in summary:

(a) This is a unique amendment for a unique situation;
(b) No one will be hurt by this amendment,
Mr. MURRAY. Mr. President, I send to the desk amendments intended to be proposed by myself, the Senator from Florida [Mr. Pepper], and the Senator from New York [Mr. Lehman], and amendments intended to be proposed by myself and the Senator from Florida [Mr. Pepper] to the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child-welfare provisions of the Social Security Act, and for other purposes. The amendments would extend the coverage of the old-age and survivors insurance law to farmers and farm workers. I ask unanimous consent that the amendments, together with a statement I prepared to explain the purpose and effect of the amendments, be printed in the Record.

The PRESIDENT pro tempore. The amendments will be received, printed, and lie on the table. The amendments submitted by Mr. Murray (for himself and Mr. Pepper) are as follows:

On page 324, strike out lines 1 and 2, delete "on each of some 60 days during such quarter" and insert in lieu thereof the words "on each of such quarters.

On page 325, line 24, delete "on each of some 60 days during such quarter" and insert in lieu thereof the words "on each of some 40 days during such quarter.

The amendments submitted by Mr. Murray (for himself and Mr. Pepper) are as follows:

On page 297, strike out lines 6 through 11, and renumber the succeeding paragraphs, and change cross-references accordingly.

On page 298, strike out lines 1 through 25; on page 299, in lines 2 and 25; on page 300, in line 5; on page 301, in line 19; and insert in lieu thereof the following: "(a) Section 1425 (b) of the Internal Revenue Code is hereby repealed.

On page 302, strike out "(1)" and insert in lieu thereof "(b)").

On page 305, strike out lines 22 through 24; on page 306, strike out lines 1 through 3; and renumber the succeeding paragraphs, and change cross-references accordingly.

On page 226, in line 23; on page 229, in lines 2 and 25; on page 330, in line 5; on page 331, in line 19; and insert in lieu thereof the following: "(4) Section 1425 (b) of the Internal Revenue Code is hereby repealed.

The statement presented by Mr. Murray is as follows:

STATEMENT BY SENATOR MURRAY
SOCIAL SECURITY FOR FARM PEOPLE

My first amendment, which I am offering for myself, the Senator from Florida [Mr. Pepper], and the Senator from New York [Mr. Lehman] is a very simple one. It deals only with extending coverage of self-employed hired farm labor. It provides for reducing the 60-day requirement in the Finance Committee's proposal to 40 days as the test for who is a regularly employed hired farm laborer. Under the very splendid amendment reported out by the Finance Committee only those farm workers are covered who work 60 days or more in a calendar quarter for a particular farmer. This committee in the right direction and I congratulate the committee on its recommendation. However, because many farm laborers work in June and July, which cuts across two calendar quarters, they will not be covered. The amendment which Senator Lehman and I have introduced would reduce to 40 days and enable 775,000 additional farm laborers to be covered. While it would still exclude many self-employed farmers, it would help to bring into the system those who are regularly employed.

In view of the fine statements made by the Senator from Florida, the Senator from Colorado, and the Senator from Ohio, in favor of broadening of coverage, I hope they will support this amendment.

My second amendment is a more far-reaching one. It is an amendment to include all farm people under the insurance program—both farmers and farm hands—except self-employed farmers who receive incomes of less than $400 a year.

I seriously regret that the bill reported by the Finance Committee does not extend coverage to farmers and farm labor. Under existing law, farmers and farm workers are discriminated against. The people in the agricultural district are paying for part of the cost of social insurance in the prices of the goods that they buy. Yet they have no real social insurance, for when a farmer buys a tractor, the price of the tractor includes the cost of social insurance for the industrial worker. This is perfectly proper. But at the same time it is not fair that the farmer himself is excluded from having the protection of social insurance. He too becomes old; he too can die prematurely, leaving a widow and dependent children who might have to apply for private charity. Farmers become permanently and totally disabled just like thousands of other people do every year. For these reasons they should have the same protection as industrial workers.

The Senate Advisory Council on Social Security was appointed by the Senator from Colorado studied this problem at considerable length. All 17 members of this distinguished council recommended in favor of coverage by farmers and farm hands.

H. R. 6000 makes substantial improvements in the old-age and survivors insurance program. It provided for coverage between 7 to 11 million additional workers and would greatly improve the benefit structure. But it does not do anything whatever about the problem of social security for farm people.

Why then was the amendment offered by the Senator from New York [Mr. Kean] left out of the improved program provided for in H. R. 6000? Discussions of this subject on the floor of the House by members of the Ways and Means Committee are very illuminating. I am inserting in the Record at this point quotations from the debate in the House on this problem.

Mr. MURRAY. Mr. President, I want to say this further. I am delighted that so many Members are present when the gentleman speaks because I agree heartily with what the gentleman from New Jersey [Mr. Kean] has said about the gentleman from New York [Mr. Mills] and what the gentleman from Arkansas has said about the gentleman from New Jersey with respect to the benefits that will be extended to farmers in this measure. I am delighted that the gentleman from New Jersey [Mr. Kean] indicated that he wanted more extension, particularly the matter of the inclusion of farmers and farm laborers was certainly not a partisan question in the committee. As far as I am
concerned, I am thoroughly in agreement with the position of the gentleman from New Jersey that the farmers, the doctors, the dentists, and lawyers should be included, and we should also consider the exclusion.

"I further want to state there are other members of the majority who feel the same as I do. That was the reason why the gentleman from New Jersey and the gentleman from Arkansas will indicate, I believe, I would have to agree with them. I should like to know how he is going to do it if he is not going to have any minimum wage bill. To be factual about it, we have a minimum wage in the Sugar Act, and that is fixed at such an amount that it really does not amount to much.

"You notice the farmers out of that minimum wage bill. It is not going to be included under social security, It is just putting one more insult upon another.

"I think the time has come when one class of people that should have been included in this bill is the rural people, because not half the people in this country have come to this country.

"American agriculture has to face two things. First is the situation where they do not have any minimum wage. A minimum wage bill, if you have an operation for agriculture would protect the man on the family-sized farm, because his time is worth somewhere near what the minimum wage is; it is not going to be included under social security, it is just putting one more insult upon another.

"I think the time has come when one class of people that should have been included in this bill is the rural people, because not half the people in this country have come to this country.
Then the second thing is that the burden of old-age is so great in those States where they have a lot of farmers that they are paying an inordinately high tax. Mr. Doolittle. But that for the most part is going to the others, isn’t it?

Mr. KEAN. It is going to their own people; that is correct.

There are other States. In other words, they are paying for old-age assistance by way of taxation to people locally rather than sending it to the Social Security Board by way of payroll tax.

Mr. KEAN. That is right.

Mr. DOLLY. Can the gentleman give us an idea how those two figures might compare, that is, the amount they might have to pay in payroll taxes if the agricultural elements of the country were covered, and the relative amount they would have to pay for old-age assistance?

Mr. KEAN. No; I do not think I can give those figures.

Mr. DOLLY. Are there any figures available with respect to that, or are there any estimates available?

Mr. KEAN. I do not think so. Of course, 45 percent of the farmers have already paid social-security taxes out of which they will never get anything because they have gone to work in the towns, for example, for a short time. Some may have gone to work in a store or a factory for a short time. Some of their sons have gone to the city for a year or so, and then gone back on the farm. I should say about 45 percent of the farmers have already had some social-security coverage, but they are never going to get any back in the way of benefit from what they have paid in.

Mr. DOLLY. Why is that?

Mr. KEAN. I suppose the tax has paid so little that they cannot qualify.

Mr. DOLLY. In other words, that coverage has lapsed; is that it?

Mr. KEAN. Yes; it has lapsed. (CONGRESSIONAL RECORD, October 4, 1949; excerpt from statement by Hon. JAMES J. DOLLY, Representative from Iowa.)

Mr. CAMP. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The gentleman is from a great farming State and I am also interested in farmers. Would he give us for the purpose of the record the reason why the committee did not cover farmers such as and farm labor?

Mr. CAMP. We considered that subject perhaps as long ago as the other question concerning croppers. There were two or three compelling reasons. One is the fact that there is no demand by the farmers for it.

Mr. CRAWFORD. In my district I have had every indication that there is greater demand for this social security coverage from people out in the farming districts than in any other part of my district.

Mr. CAMP. I mean by that, sir, nobody representing the farmers came before our committee during the hearings and expressed their unequivocal desire for compulsory coverage.

Another reason was the difficulty of collecting the taxes, not only from the farmer himself but from farm labor. The farmer nowadays does not keep such a good record of his business as other businesses. If I hope in the future they will. Another reason was that farm labor to a large extent is transient. A lot of the farm labor is transient, such as cotton pickers or cotton pickers and never see them again, and that was one of the reasons why farmers were left out. I think farmers should be included. I think that the farmers, when they understand this program, will want to be included.

Mr. CRAWFORD. I join with the gentleman in that, and I think eventually conditions will force them to come in. There will not be a question whether they want to come in, they will want to come in.

Mr. CAMP. Yes; I think so. (CONGRESSIONAL RECORD, October 5, 1949; excerpts from statements by Hon. A. SIDNEY CAMP, Representative from Ohio; Sen. WALTER A. HAYS, Representative from Arkansas; Rep. JOHN R. LYNCH, Representative from New York.)

Mr. CAMP. In answer to the inquiry of the gentleman from Michigan my understanding is that the administration in the opinion of the Social Security Administration has been solved. For one, I am thoroughly in accord with the remarks made by the gentleman from Wisconsin [Mr. Murray], that farmers and farm labor should be covered. But our information was, and it is my distinct recollection, that originally the Grange came in and advocated coverage only on the theory of voluntary admission on the part of a farm worker, and that such admission, as such, is not sound administratively. But if all farmers and farm laborers were brought in or if farm laborers only were brought in, this bill would still be a better bill than it is today because I am convinced personally that just as the self-employed are not covered by social security so, too, would the farm operators be desirous of being covered by the Social Security. If farmers were covered and they understood the benefits of social security perhaps a little better than I am told they understand it at this time.

The compensation improved in this bill is that there was no grant demand from the farmers, according to our understanding, from the farm laborers. We had men on the committee who came from rural communities and who are familiar with the situation. We bowed to the better judgment of those Members. (CONGRESSIONAL RECORD, October 5, 1949; excerpt from statement by Hon. WALTER A. HAYS, Representative from New York.)

Mr. SCOTT. Does the gentleman see a future possibility of farmers voluntarily being included in a social security program?

Mr. CAMP. Well, of course, it is difficult to tell now. Farmers were not included under this bill but it did not receive sufficient evidence that they wanted to be included, and the further fact as indicated by the statement made by the gentleman from Pennsylvania. As a matter of practice, many farmers ordinarily do not retire at 65 years of age. If a man owns his farm, although he may not plow and hoe and must do the work himself, he will doubtless raise, probably next year, the inadequate benefits for retired workers. The bill recently passed by the House boosts the payment on an average of 70 percent. When substantial monthly sums are given the elderly, many in the rural regions will doubtless question whether it is fair for the farm people not to share the advantages of Social Security. There is no adequate benefits for retired workers.

Mr. MURRAY of Wisconsin. I paid my share of social security so he could build up his social security standing.

Mr. CAMP. How about farmers, then? They do not come under it at all?

Mr. DOUGHERTY. Whenever a majority of them are adequately covered, I think it would be appropriate to cover them. So far we have had no evidence that a majority of them desire to be covered. There is not that little interest or enthusiasm among the farm organizations about it.

Mr. MURRAY. We have had no evidence that a majority of them desire to be covered. There is not that little interest or enthusiasm among the farm organizations about it.

Mr. CAMP. Do you mean that the committee should be satisfied with the farmers? If farmers will understand this program, they will want to be included.

Mr. MURRAY. I mean the committee should be satisfied with the farmers if they understand this program, they will want to be included.

Mr. SCHOENBERG. Mr. Chairman, I assert the people with the smallest assurance of adequate social security for the less fortunate among us without in any way sacrificing that liberty which we know as the American life. An adequate age insurance program, reasonable paid to the farmer by the government and extension of retirement benefits is not statism nor is it socialism. Your Congress and your Administration shall be based on an insurance system instead of a mere pension system. We have broadened the purposes of the social-security program. When they fully understand the benefits of the Federal social security system, they will plead with their Representatives not only pay for the benefits which industrial workers receive because certainly partly of the pay-roll tax, but are also paying State taxes to meet local old-age assistance roll. But I am convinced that all gainfully employed men and women, except public employees such as teachers who have their own pension systems, will understand the social-security provisions for farmers.

Mr. YOUNG. As an individual from Ohio, I am in accord with the remarks made by the gentleman from Wisconsin [Mr. Murray], that farmers and farm labor should be covered. It makes a great difference to the farmer and the farm family. It will mean that liberty which we know as the American life. An adequate age insurance program, reasonable paid to the farmer by the government and extension of retirement benefits is not statism nor is it socialism. Your Congress and your Administration shall be based on an insurance system instead of a mere pension system. We have broadened the purposes of the social-security program. When they fully understand the benefits of the Federal social security system, they will plead with their Representatives not only pay for the benefits which industrial workers receive because certainly partly of the pay-roll tax, but are also paying State taxes to meet local old-age assistance roll. But I am convinced that all gainfully employed men and women, except public employees such as teachers who have their own pension systems, will understand the social-security provisions for farmers.
Congressman CAMP, of Georgia, also indicated that "nobody expects that the farmers came before our committee during the hearings and expressed their unequivocal desire for compulsory coverage." He further stated, "I think farmers should be covered, but I think that the farmers, when they understand this program, will want to be included."

Congressman KEAN, of New Jersey, one of the Republican committee members, indicated his feeling on the subject as follows: "As the Government insurance is eventually broadened to take in almost everybody else, it is important to our organization and the people of the agricultural world that we permanently stay out. Education about this social insurance, which is now a part of the farm, particularly to the farm operators. If then the farmers don't want it, it is certainly their right to reject it. But if they do, the quicker the amendment is brought in, this bill, in my opinion, would be a better bill than it is today, because I am thoroughly in accord with the Republican committee members, indicating that the self-employed farm workers and farm labor should be covered."

"I am familiar with the fact that the farm owners and farm laborers only are brought in, this bill, in my opinion, would still be a better bill than it is today, because I am convinced personally that just as the self-employed now are more desirous of being covered by social security so, too, would the farm operators be desirous of being covered by social security once their farm laborers were covered and they understood the benefits of social security a little better than I am familiar with the fact that the real reason they are not covered in this bill is that there was no great demand from the farmers that they are covered by social security, and that they would be given such coverage if they expressed a desire for it."

"But is it true that farm people are not interested in social-security protection? Since the Ways and Means Committee considered the proposed amendment we have been some significant developments. At the recent public hearings on social security before the Senate Finance Committee, the three major farm organizations testified on this question. Let me read to you what the representative of the National Grange said to us:"

"I appear before you to express the desire of Grange members to have H.R. 6009 amended to include old-age and survivors insurance to farm people."

"The executive committee has examined the statement of the American Farm Bureau Federation, the National Farmers Union, and the American Farm Bureau, and has found that the three major farm organizations testified directly from farmers, will give serious consideration to a provision which will extend survivors and old-age benefits to farmers and farm workers."

"Finally, I quote from the statement of the American Farm Bureau Federation:"

"The Federal old-age and survivors insurance program under the Social Security Act provides a type of assistance which has become an integral part of our economic system. Employes of general agricultural organizations should be covered by farm labor should also be covered. If the extension is provided by law to include self-employed other than farmers, and is proved feasible and administratively practicable, then I think the extension should be given by State and county farm bureaus to the question of the coverage of farm operators until the old-age and survivors insurance program."

"All three of the major farm organizations, then, have indicated that farm workers want social security. We have indicated that the self-employed farm operators want social security. In view of these facts, I feel that there is a further justification for continuing the exclusion of farm people from the old-age and survivors insurance program."

"Doubtless it will surprise many people that the traditionally independent and self-reliant farmer has come to need a feeling for governmental protection in his business. Many people think of farming as a way of life which provides its own security, and there are some deeds in tradition for this view. In the days when an acre of farm land was predominant, farming did to a considerable degree provide security against want, though not against the insecurities caused by the one-acre farmer. But the situation for insecurities as a result of droughts, floods, and the other natural uncertainties inherent in their occupation."

"Today the character of agriculture is changing. The self-sustaining, one-family farm producing products for home use is no longer the normal situation; more and more the Nation's farms are coming to be commercial enterprises—a one-crop establishment, factors in the field of the business. In 1945, for example, only 25 percent of all the farms in the country were producing products primarily for home use. Farms are increasing in size, and by the turn of the decade from 1920 to 1940, the percentage of all land in farms which was held in farms of 10 acres or over increased from 23 percent to 34 percent. In my own home State of Montana, in 1945, one-third of all the farms in the State had 600 acres or over, and another one-third were between 250 and 600 acres. With the increasing size of the farm, and the increasing specialization of agriculture, the extent becomes harder and harder for farm families to become owners of the land they cultivate. The farmer tenant works for another man and he must look with any confidence to acquiring a farm of his own, and the farm owner cannot be counted upon to provide a living for himself or his family when his capacity for productive work is cut off or diminished by old age, disability, or death."

A further reason why farm people want to be covered by social security is that they realize they are bearing a substantial part of the cost of social security. This comes in two ways. First, public-assistance costs are heavier in rural areas, because farm people are not eligible for insurance benefits, and these costs are met to a substantial extent out of farm income. Second, farm people, directly and indirectly, pay for the social security program, although they cannot qualify for benefits under that program. Indirectly, tax contributions under the social security program to the extent that the income from which the program is are paid contributions to the program while temporarily in industrial employment, but only 10.5 percent of all farm operations, and 15.5 percent of all farm workers, are insured under any social security program. In the words of the National Farmers Union representative, "we believe strongly that farm people ought to be covered by the social-security system at present in operation and because we think they should receive social-security benefits as a right of citizenship. Yet, unless the insurance program is extended to cover farm people, they will be completely unprotected against the old-age and survivors insurance program with its attendant means test and personal investigations."

"There is still a further reason why social security should be extended to farm people. As long as substantial numbers of people remain excluded from old-age and survivors insurance, it is necessary to provide eligibility requirements in order to protect the system from the heavy financial drain on the benefits of long-term unemployed who have paid contributions for very short periods of time. If farm people were included, the eligibility requirements could be made more liberal so that more people could qualify for benefits under the system. Accordingly, I have included in my proposed amendment a provision to make it easier for workmen to qualify for benefits by providing the payment of benefits at age 70 regardless of whether the individual continues to work. This will enable the farmer who is able to continue working on his farm after age 70 to receive retirement benefits at that age."

"Mr. MURRAY. Mr. President, I am very glad to have this opportunity to say a word about the need for an adequate social security bill, H.R. 6000. Members of the Senate know that I have long been interested in social security and that some 7 years ago I introduced, with Senator WILKINSON and Representative GLOVER, the first comprehensive social-security bill, parts of which are now embodied in the bill reported out by the Finance Committee.

"I feel, Mr. President, that the Senate should pass this bill. Without the benefit of the social security, farm people are now looking to the Federal old-age and survivors insurance program by State and county farm bureaus to the extent that the contribution of farm people are not eligible for insurance."

"The National Farmers Union has for many years supported the extension of old-age and survivors insurance to farm people. * * * * Information received from members and officials of the National Farmers Union indicates that at least as far as the members and officials of the organizations are concerned they need and want social security. * * * Farmers as a whole, particularly the small operators who are rural poorer. They do not have the means of making their desires and needs known. Therefore, I sincerely hope that the members of this committee and the members of the Senate will take an interest in the social security program, and that they will protect the interests of farm people."

"The National Farmers Union has for many years supported the extension of old-age and survivors insurance to farm people. The real reason they are not covered in this bill is that they help pay for the social-security system, and the better they pay for the social-security system at present in operation and because they have paid contributions for very short periods of time. If farm people were included, the eligibility requirements could be made more liberal so that more people could qualify for benefits under the system. Accordingly, I have included in my proposed amendment a provision to make it easier for workmen to qualify for benefits by providing the payment of benefits at age 70 regardless of whether the individual continues to work. This will enable the farmer who is able to continue working on his farm after age 70 to receive retirement benefits at that age."

"Mr. MURRAY. Mr. President, I am very glad to have this opportunity to say a word about the need for an adequate social security bill, H.R. 6000. Members of the Senate know that I have long been interested in social security and that some 7 years ago I introduced, with Senator WILKINSON and Representative GLOVER, the first comprehensive social-security bill, parts of which are now embodied in the bill reported out by the Finance Committee.
I should like to refresh the minds of the Members of the Senate on some of the recent history connected with the social-security bills I have introduced—not in order to take credit for some of the fine provisions in H. R. 6000 but to point out some of the important items included in the House version but omitted by the Finance Committee, but to make some observations about trends in political science which might otherwise go unnoticed.

The first social-security bill I introduced with Senator Wagner and Representative Dingell was in 1943. We reintroduced our proposals in 1945, 1947, and 1948. When we first introduced our bill the opposition called it the American Beveridge plan. This was the first step in an attempt to defeat the proposal. It was given a foreign name so as to make it seem that we were just copying a foreign proposal. But since our plan was an American plan this attempt to stop interest in our proposal was not successful, and when the Great Britain supported the Beveridge plan the conservatives in the United States dropped their criticism of the Beveridge plan as a device for criticizing our proposals.

In our 1945 bill we included provisions for Federal grants for hospital construction. This proposal was later passed by the Congress in the form of the Hill-Burton bill. Our bill also contained a provision increasing Federal grants in all the States for local public health units. This program has already passed the Senate. Our 1945 bill also provided for increased Federal grants for maternal and child health, crippled children, and child-welfare services. Increased grants for all three of these programs are included in H. R. 6000 as reported by the Finance Committee.

When we introduced our original bill, and on each successive occasion when we introduced a new bill in a new Congress, we expressed the hope that the bill would provide a basis for constructive thinking and legislation in a field where it was sorely needed. During 1943 and 1944 our proposals were the target of a most widespread campaign of opposition, almost unprecedented in volume and in character. I have often witnessed the use of false and misleading propaganda for political purposes and the use of extravagant charges in order to defeat legislation. I have known an issue quite as unprincipled as the campaign which was conducted against the legislation which we introduced.

I recognized, however, that every important proposal to advance the public welfare has always met opposition first from groups who care only about their own selfish interests. Usually they are satisfied with the status quo, and are opposed to any change whatsoever. From public-school legislation, child-labor legislation, bank-deposit insurance, universal suffrage, the Federal income tax, and other measures to safeguard the general welfare of the people, there were all bitterly opposed when they were first suggested. The opposition which we faced when we first introduced our social-security bill never shook our faith in the need for social security or in the fundamental soundness of our proposals. I believe that we have been vindicated. The pending social-security bill contains many things which we advocated several years ago.

Practically all Members of the Senate today are supporting the provisions for improvement of the Federal old-age and survivors insurance program, for the extension of its coverage and liberalization of its benefits. I am delighted that the distinguished chairman of the Finance Committee has reported a bill which extends the coverage and liberalizes the benefits and that the minority members of the Senate Finance Committee have indicated that they will support the bill as reported by the committee. But I should like to recall to the attention of the Senate that in 1935 when the question of old-age insurance first came before the Senate, a Republican-sponsored amendment offered by Senator Hingstes, of Delaware, sought to eliminate the old-age survivors Insurance from the bill. His amendment was defeated, 15 to 63.

When the social-security bill was reported out of the Ways and Means Committee of the House of Representatives in 1935, seven of the Republican members of the committee offered a minority report in which they opposed the establishment of the old-age insurance system. Speaking of the insurance program they said as follows:

These programs could make a crushing burden upon Industry and upon labor. They establish a bureaucracy in the field of insurance in competition with private businesses. They destroy old-age retirement systems set up by private industries, which in most instances provide more liberal benefits than are contemplated under this plan. (House Committee Report on H. R. 7290, 74th Cong., 1st sess., Rept. 615, pp. 43-44.)

Not a single one of these fears expressed by the Republican opposition has come to pass. The philosophy of fear is inevitably used to try to defeat progressive legislation, but after the legislation has been put into effect and has been made workable by a Democratic administration, the Republicans come around and support it if they were the original friends of the program who had gotten it enacted into law.

This is what Representative Taft said in 1935:

Never in the history of the world has any measure been brought into effect so insidiously designed to prevent business recovery, to enslave workers, and to prevent any possibility of the employers providing work for the people. (Congressional Record, April 10, 1935, p. 6054.)

This is what Senator Hastings said on the floor of the Senate:

I am not prepared at this time to say that I will vote for any of these plans, because I have not made up my mind that the Congress has any authority to force upon anybody an annuity system of any kind. As I say, I am not prepared to support this scheme. I think of all things that can be done for a young person, the most important is to have him begin to pay into some kind of a fund that will take care of him in his old age, but to have the Congress of the United States force him to make such payments is so entirely new, and so different from my philosophy what the Congress has a right to do, that I am not for the moment prepared to support the approved scheme. (Congressional Record, June 17, 1935, p. 9424.)

I am very happy that some members of the minority have now changed their minds and agree that it is important to support amendments expanding and liberalizing the program. If we had had their support during these last 15 years we could have improved the program much further and much faster.

Republicans consistently opposed our proposals by crying that they tended toward the welfare state. Finally that issue was thrashed out in a New York senatorial campaign last year, when the distinguished Senator from New York [Mr. Lehman] defeated the Republican candidate, Mr. Dulles, on the issue of whether the social legislation being advocated by the Democratic administration should be continued and improved. Subsequent to that time, Governor Dewey capitulated and announced that there was nothing wrong with the welfare state. This was reported in the New York Times:

Governor Dewey, of New York, declared in his second lecture tonight at the Woodrow Wilson High School of Public and International Affairs that it must have been some very clumsy Republicans who tried to pin the label "welfare state" on the Truman administration. Mr. Dewey said he did not even realize the phrase was in vogue. This is a bit of fiction. Governor Dewey capitulated and renounced his earlier pronouncement that they tended toward the welfare state. That horrible word "welfare state" has grown in political science which might otherwise go unnoticed.

Repeatedly, Republicans have criticized the compulsory coverage features of the social security and health proposals which I have introduced. I am glad to note that the Senator from Ohio and the Senator from Colorado now not only defend the compulsory coverage features of the bill, but have indicated that they consider it not quite so entirely new, and so different from my philosophy what the Congress has a right to do, that I am not for the moment prepared to support the approved scheme. (Congressional Record, April 10, 1935, p. 6054.)

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repeatedly criticized—in the beginning, by conservative groups and representatives of the Republican Party; but later on the Republicans see the light and begin to defend what we have done and to take credit for trying to do the job bigger and better than we have.

Of course I recognize that this is an inevitability. Human nature has its incapacity. I believe those of us who are in favor of social legislation must recognize the fact that we are going to get a lot of criticism when we first advance proposals, but that as time goes on we get more and more support; and finally, after our proposals are enacted, those who first opposed them will begin to see their merit.

One of the very fine provisions in House bill 6000 is the status of men under the insurance program. In 1943 I was chairman of a special committee to study problems of American small business. The members of the committee were the following persons who are Members of the Senate at the present time: The senior Senator from Louisiana (Mr. Ellender), the junior Senator from Florida (Mr. Fulbright), the Senate Majority Leader from Ohio (Mr. Taft), and the junior Senator from Nebraska (Mr. Werry). Former Senator Capper, of Kansas, was the chairman of the Subcommittee on Research and Education. In conjunction with Senator Capper, our committee published a study called Small Business Wants Old Age Security.

The fact is that there had been any real study of the problem of covering small-business men under the Federal Old Age Program. I am very proud of that study. I am proud of the fact that the committee of which I was chairman recognized the problem and indicated, over 7 years ago, how social-security protection could be extended to persons in business for themselves.

One reason why they have long been in favor of national social legislation such as old-age and survivors insurance is that it helps small business. Contrary to the false statements, that are sometimes made, that national social legislation hurts small business, I am convinced that workmen's compensation, accident and health insurance, old-age insurance, and unemployment insurance help small business to retain its employees against the competition from big business, and also help small business by maintaining purchasing power for families, so that they can buy merchandise at their local grocery, drug store, and hardware store, and can pay for tickets to their local movie, and can pay their doctor and hospital bills.

In the bill which former Senator Wagner and I introduced on June 30, 1943, we included a provision for the coverage of all self-employed businessmen, and that provision has been repeated in every insurance bill that we have introduced since. We have received much support in 1943, 1945, or 1947 from any of the Republican Members of the Congress for our proposal, but I am deeply gratified that now the Members of the Republican party have found to see that we had a sound idea.

In the bill which former Senator Wagner and I introduced on June 30, 1943, we included a provision for giving wage credits to individuals while they were in military service. We repeated this provision in our succeeding bills. Although the Congress did not see fit, for 7 years, to go along with this provision, both the House-approved version of H. R. 6000 and the bill as reported by the Senate Finance Committee include wage credits for persons who have served in military service during World War II. We are very gratified by the acceptance of the committee of this important provision, which we introduced 7 years ago.

Our bill also included provisions for covering family labor and farmers under the insurance program. The bill reported by the Senate Finance Committee does include some farm labor. I have submitted to H. R. 6000 an amendment which would include additional farm labor, and I sincerely hope that the Senators who have been saying they are in favor of universal coverage will vote for my amendment.

I am, of course, in favor of extending the program to all farm people, including self-employed farmers, and I have had prepared an amendment which would do so. Senators on both sides of the aisle have said they favor, in principle, extending the program to farmers. I should be glad to offer my amendment to cover farmers if the leadership feels that an expression of views on this amendment would be helpful in obtaining early inclusion of farmers in the program. In order that the matter can be properly explored, I should be glad to have my amendment printed and laid on the table, so that any Senator who wishes to express his support of this amendment can do so. I should be glad to add to the amendment the name of any Senator who wishes to join me as a cosponsor.

I should like to point out that the coverage of farmers would be effective until January 1, 1952, so that there would be ample opportunity to prepare the necessary administrative machinery to bring them under the program. Moreover, over the next several years, it would give the Farm Security Administration a year of experience in covering nonfarm self-employed before bringing in the self-employed farmers. I agree with the Republican leaders that it will not be long before farmers are covered under the insurance program, and I see no reason why we should not now include in the bill a provision which will bring them into the program at an early date.

In the bill we introduced in 1943 we provided for liberalizing the insurance benefits. I am glad the Finance Committee has included provisions to liberalize the insurance benefits; but I feel, as many other Senators do, that the committee has not liberalized the benefits enough. Under the bill reported by the committee, the maximum insurance benefit payable is $72.50 a month, based upon maximum wages of $3,000. It is my understanding that representatives of the insurance companies and the other groups to whom the Finance Committee were strongly urged by representatives of the insurance companies and the other groups, in preference to the recommendation made to them by their own advisory council. That distinguished council, composed of 17 members picked by the Senator from Colorado (Mr. Muñoz), voted 15 to 2 to include disability insurance in the disability insurance program. Yet the Finance Committee has disregarded this advice and has eliminated this most valuable and essential protection.

It is clear that this action of the Finance Committee was taken because of the tremendous campaign that has been waged by the private insurance companies, the American Medical Association, and the other groups such as the chapter of commerce and the National Association of Manufacturers—all of whom are opposed to this amendment which is so very badly needed by disabled persons throughout the country. I am well aware of the fact that the members of the Finance Committee were strongly urged by representatives of the insurance companies and these other groups to eliminate the disability insurance provisions of the House bill. I deeply regret that they accepted the unsound arguments of the insurance companies and the other groups, in preference to the recommendation of their own advisory council, the needs of the disabled people, and the welfare of thousands of families in the Nation.

Under laws already passed by Congress we have provided disability insurance protection for railroad workers, for civil service employees, and even for Representatives and Senators. Experience with the disability insurance provisions of the Railroad Retirement Act and the Civil Service Retirement Act has been excellent. But now we are asked to deny this same type of protection to the rest of the workers and small-business men of this country. I do not see how, in good conscience, any Senator can vote to withhold this protection from millions of persons who work for a living, who at some time, at or after these other groups, have protection against disability.

I know that many of the Senators here voted to provide disability insurance protection for railroad workers. Why, then, should they oppose the same sort of protection for the rest of the people
who work for a living in this country? As a matter of fact, the amendment proposed for payment of disability benefits is much more restricted, much more conservative, much more limited than what is now authorized under the Railroad Retirement Act, the Civil Service Retirement Act, and the other Federal programs providing for disability benefits.

The arguments made by the insurance companies and the American Medical Association can easily be refuted. They were refused in the House of Representatives, before the House Ways and Means Committee reported the provision. They have been refuted time and time again.

In the first place, most of the insurance companies are still very much opposed to the principle of disability insurance through private policies. As a matter of fact, under many of the collective-bargaining contracts which provide for disability benefits, the insurance companies are not involved in the protection, but they make the employer self-insure the disability benefits. So the amendment, if passed, would not in any way adversely affect insurance companies.

Nor would the amendment adversely affect the welfare of doctors or hospitals. As a matter of fact, if this amendment passed, it would put money into the hands of disabled people, which would make them better able to pay their doctor and hospital bills. Yet the doctors are opposed to this provision, despite the fact that it will help them and their patients. They are taking a dog-in-the-manger attitude, because they are unwilling to support any progressive legislation whatsoever.

As a matter of fact, the official position of the American Medical Association, in favor of permanent and total disability insurance, taken in 1938, is still in effect. It is the board of trustees of the American Medical Association which has taken the position against the proposal, not the house of delegates. Thus the action of the house of delegates in 1938 still remains the official action of the American Medical Association. Yet five years ago they admitted the validity of the argument that disability insurance would help the patients and help the doctors. But today, because they are opposing various health bills, they take the position that they must oppose everything, good, bad, or indifferent. This is a reckless and unprincipled policy.

I am sure that disability insurance is going to be the law of the land, sooner or later. Yet the doctors of this country, through their official organization, are putting up a brave and vigorous record as preserving progress and as refusing to promote a decent and humanitarian program. I should like to point out that the American Hospital Association, the American Medical Association, and the American Legion have endorsed the principle of disability insurance—Senate hearings, pages 578 and 2363.

I have consistently supported social-security and unemployment-employment legislation, because I believe that such legislation will help us to preserve our free-enterprise system. I believe that if we are to have a dynamic economy people must have an opportunity to work at rates of pay that will sustain a rising standard of living, and that there must be common protection against the causes of poverty which face people who work for a living.

The program of full employment and social security under a free-enterprise system, which I have advocated during these past years, is coming into the United States of its own accord. If we want that kind of program and want to put it in operation we must plan for it, we must work for it, and we must fight for it. If we are to act in the humanitarian interest of those who are constantly trying to defeat our proposals.

Last year there was much criticism of the proposals for social security of the ground that they would cost a great deal of money. Members of the minority party inserted into the Record material showing the tremendous cost of social security and asserted that there was no way to make the estimate. As a matter of fact, the estimates was that the minority party assumed that there would be no progress made in wages, employment, or living standards for the next 50 years. That might have been a correct assumption to make, had the Republican Party gotten into control of our Government. I believe Republicans must recognize that under the policies advocated by the Republican Party there would be very little progress made in improving wages or living standards.

I cannot accept this lack of faith in our country and in its future, which the Republicans have accepted. I believe that we are going to go forward to improve our wages, increase our employment, and raise our standard of living. As we did that, we can provide social security for our people without impairing incentives or placing too great a burden upon the productive members of our society. The system of competition, incentive, free enterprise, and steady descent into a condition of flattening differentials and comfortable average earnings, which I believe that the Republican Party gotten into control of our Government. I believe Republicans must recognize that under the policies advocated by the Republican Party there would be very little progress made in improving wages or living standards.

Recently, the Senator from Nebraska (Mr. BUTLER) wrote me asking my opinion on the flat-pension proposal he has advocated as a substitute for the insurance program. I am opposed to any such proposal, and I ask unanimous consent to insert in the Record a copy of my reply to the Senator from Nebraska, giving my reasons for my position.

There being no objection, the letter was ordered to be printed in the Record, as follows:

UNITED STATES SENATE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
June 19, 1950.

HUGO HUGUS BUTLER
United States Senate, Washington, D. C.

DEAR SENATOR BUTER: In reply to your letter of June 19 in which you request that I support a plan for a 2-year stop-gap social-security measure pending consideration of a flat-pension substitute for the present old-age and survivors insurance program.

As you know, for many years I have been greatly interested in social security and have given careful study and consideration to proposals of the sort you have referred to. The result of this study is that I am convinced that the flat-pension system which you are advocating would be completely unsound and that it is unsound for the following reasons:

1. The system of social security which we have established is based on the principle that the system of social security be progressive, and that the benefits be increased as the worker's income increases. The flat-pension system would be completely unsound and inconsistent with our system of free enterprise, thrift, and incentives.

2. The system of social security which we have established is based on the principle that we should provide a reasonable amount of protection for the unemployed and for the workers whose wages are so low that they are unable to meet their needs. The flat-pension system would be completely unsound and inconsistent with the provisions of the social security law which we have established.

3. The system of social security which we have established is based on the principle that we should provide a reasonable amount of protection for the elderly and for the workers whose wages are so low that they are unable to meet their needs. The flat-pension system would be completely unsound and inconsistent with the provisions of the social security law which we have established.

4. The system of social security which we have established is based on the principle that we should provide a reasonable amount of protection for the unemployed and for the workers whose wages are so low that they are unable to meet their needs. The flat-pension system would be completely unsound and inconsistent with the provisions of the social security law which we have established.

As a matter of fact, the flat-pension system which you are advocating would be completely unsound and that it is unsound for the following reasons:

1. The system of social security which we have established is based on the principle that the system of social security be progressive, and that the benefits be increased as the worker's income increases. The flat-pension system would be completely unsound and inconsistent with our system of free enterprise, thrift, and incentives.

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of his employees. It has become a well-established principle that the cost of insured social security for aged workers is as much a part of the expense of doing business as is the cost of machinery. Employers and industry generally have accepted this principle, and I believe we would be taking a backward step to relieve them of all responsibility for their employees' security.

Second, apart from the source of the financing proposal, quite vague, indefinite, and uncertain, I do not see how anyone could feel certain of any security at all. It seems to me the program being redetermined from time to time, as you indicate it would be, nor do I see how the tax rate, or indeed the index of prices, can fail to develop into a political football subject to varying pressures from all directions. I fear that the end result would be complete confusion and chaos.

In my opinion your statement that H. R. 6000 will be so costly as to bankrupt the income-tax returns is likely to be found unfounded. It is impossible for me to conceive that our Nation, with its tremendous productive capacity, cannot be provided with the necessary goods and services to support its aged, its widows and orphans, and its disabled. At a decent and respectable standard of living the aged can be given a way to judge the cost of a social-security program in terms of its effect on the Nation's production of goods and services, and I do not believe that level of benefits under our social-security system does not reduce the amount of goods and services produced; on the contrary, by maintaining the purchasing power of the beneficiaries and by improving the morale of the working population, it increases the Nation's productivity.

You state that the number of Federal employees required to administer the social-security program would be more than one-half of the number now required. There is absolutely no reason to expect this to be a reduction. On the contrary, under your proposal the number of Federal employees required would probably be substantially increased.

Many of those who now work on the maintenance of old-age and survivors insurance wage records would still be needed in order to update and maintain an identification and record system in which the payment of more than one benefit to each qualified individual. The employees now engaged in the reporting of taxes would also work on the collection of income taxes; the elimination of payroll taxes would not mean the elimination of the payroll-tax system. But the Bureau of Internal Revenue whose work is charged for accounting purposes to the collection of the payroll tax could be dismissed. Actually, the Bureau of Internal Revenue, under your proposal, would have to add its staff in order to handle the additional millions of income-tax returns that would be filed by individuals who do not now pay income taxes.

These returns would be greater in number and greater in complexity and administrative steps to process than are required in the processing of the relatively simple tax returns filed by employers under the present social-security law. In addition to this, the Federal Government would have to hire additional thousands of personnel to administer the program of additional benefits which requires that benefit amounts be fixed in relation to the amount of taxable income. The benefit amount would vary from year to year and even from year to year the method of determining the amount to be paid and maintaining the necessary accounting controls. It seems to me that the mechanics of benefit payment under the present program is more expensive than the mechanics of benefit payment under your proposal.

I particularly note that your plan does not provide for payment of benefits to disabled persons. I believe that this is a great deficiency in your proposal.

Finally, I could not support any system which penalized individual thrift, as it seems to me your proposal would do. I feel that the worker should be able to look forward to receiving his retirement benefits despite the fact that he may have been able to provide such additional security himself. It seems to me that such additional security would be utterly discouraging to all efforts to supplement the basic insurance benefit.

As I have said, I am thoroughly aware of the deficiencies and inadequacies in our present social-security program. I believe, though, that the basis of the program is entirely sound, and that we can improve and expand the program both as regards persons protected and benefits provided by doing real justice to the social-security principle that benefit amounts be fixed in relation to the real value of the publication. Its slogan, "Resist unwarranted regulative interference by government," was first aimed at the real threat confronting our way of life, the threat of Marxism all over the world. The attempt to build up a constructive conservatism in the United States. And there are many of them—are wrecking the country from within, opposing what even Business Week (December 26, 1950) describes as more important than being re-elected to public office, with machine-line precision.

The explanation of Dr. Shearon's attempt to prove the program which Senator Morse applies to the Social Security Act as more important than being re-elected to public office, with machine-line precision—it that Mr. HOFFMAN, an arch-conservative, joined Senators Pepper and Glenn Taylor (who introduced the Social Security Act) in opposing the Marshall plan and other phases of our anti-Communist foreign policy. Lining up with the Daily Worker seems to be all right with Chase Carey. But it is not on the T-H issue. But opposing what even Business Week (December 26, 1950) describes as more important than being re-elected to public office, with machine-line precision. And they distract us from facing the real threat confronting the people of the world, the threat of Marxism all over the world. Nothing could be more myopic, misguided, or menacing to social progress.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

How To Wreck Conservatism

Among the countless "dope sheets" purporting to furnish busy (and well-heeled) American citizens with what-you-should-know information about national politics is Challenge to Socialism, edited in Washington by Marjorie Shearon, Ph. D. It comes out $1.50 a month. Not all dope sheets, of course, are not all myopic, misguided, or menacing to social progress.

Mr. MURRAY. Mr. President, we must not wait another 11 years to improve the program. The last time there was a major revision of the social-security program was in 1942-44. It was a major revision, of course, that because the war intervened there were a lot of things we wanted to do, but we were unable to do; but 11 years is too long. We must not wait another 11 years to improve the program, providing for the complete extension of coverage, liberalization of the benefits, and other improvements. I hope that the Congress will consider and pass such

19 Republican primaries, urging Oregonians to elect Senator Wayne L. Morse as Oregon's junior Senator. Senator CLAUDE PEPPER on May 2 (America, May 13, p. 159). "Senator Pepper's pinkness has been more obvious than that of Senator Morse. In the past he has been accused of both having been immersed in the same waters."

Senator Morse needs no defense from us. To begin with, he is a very highly educated person. His academic degrees include those of bachelor and master of arts from the University of Wisconsin, bachelor and master of law from the University of Minnesota, and doctor of jurisprudence from Columbia University. The University of Oregon, which appointed him professor of law in 1929, made him dean of its law school in 1931, a position he held until he resigned to run successfully for the Senate in 1944 as a progressive Republican.

Comparing a man of such attainments to CLAUDE PEPPER requires some doing. But it does not require the derogation of Mr. Morse, the judgment of Representative CLARE E. HOFFMAN, Republican, of Oregon, that Morse "is basically an arch-conservative, an anti-Socialism, Dr. Shearon undertakes to do a job on Senator Wayne L. Morse, Republican, Oregon. She calls for his defeat in the May 1950, Issue of Challenge to Socialism, Dr. Shearon undertakes to do a job on Senator Wayne L. Morse, Republican, Oregon. She calls for his defeat in the May
In the House bill for pensioning workers who produce sufficient revenue to meet all benefit obligations for the next 5 years. As a result, the wage base would be increased, a good many workers would be induced to enter the system. Moreover, if the tax rate were to be increased, it would be wise to postpone action on tax increases in the social-security system as well as the strong political opposition to the House bill, which was passed at the last session and the proposed Senate revisions. In both cases the proposals for extension of coverage are a step in the right direction. Moreover, it is encouraging to discover that influential Senators of both parties favor wider coverage leading eventually to all-in coverage.

Under either bill the proposed increases in the scale of payments would provide fair and adequate benefits for the great majority of workers. But in view of the sharp increase in wages and the 70-percentage increase in costs of living over the past decade, and the extremely low level of benefits under the present law, we favor the higher scale for the Senate bill. It would increase average payments for retired workers from 85 to 90 percent.

The Senate bill will establish the maximum wage on which benefits may be computed would remain at the present level of $3,000. That is much too low, since it prevents workers from the highest pay categories from qualifying for higher pensions, excluding more protection against wage losses. Ten years ago all but a negligible fraction of wage earners in covered employment earned less than $3,000, so that benefits were at that time based on the total earnings of the insured, barring minor exceptions. Today the wage base would have to be raised to $4,800 to cover all the wages of 85 percent of insured workers. Consequently, it is suggested to amend the Senate law to provide for the maximum wage base as set forth in the House bill. The wage base would also be too low, providing too little protection against wage loss for workers in the higher wage brackets. But it, too, would be a step in the right direction. Together with the more liberal Senate formula for computing benefits, it would further increase the scale of benefits for higher paid workers, who, of course, be called on to contribute more to the insurance fund.

The Senate proposal to freeze payroll taxes at existing levels until 1956 instead of raising the rates next January, as under the House bill, is adequate. But in view of the controversy over methods of financing the system as well as the strong political opposition to any tax increase at this time, it is suggested to provide for the wage base to postpone action on tax increases for the time being, especially as the proposed increases in the maximum wage rate would bring new users into the system. Moreover, if the tax base were to be increased, a good many workers already covered and their employers would be required to pay higher taxes. Finally, at present levels Senator George estimates that the receipts from payroll taxes will produce enough to meet all benefit obligations for the next 5 years. As a result, the tax freeze would not have an inflationary effect on the economy.

The Senate bill omits a provision included in the House bill for pensioning workers who become permanently and totally disabled before reaching retirement age. We hope that this provision will be restored in Justice William Douglas, who has castigated substantial contributions to the insurance system and in the great majority of cases have no other form of protection against loss of earning power that compels them to rely on public or private charity until they reach the age of 65. Unfortunately, strong pressure has been brought to bear on the Senate to reject disability insurance under the mistaken impression that it would be an enterprise contrary to health insurance. It is unlikely, therefore, that this controversial provision of the House bill will be included in the Senate.

On the other hand, there is widespread support for an amendment to the Senate bill calling for an expert study of the social-security system. As the country moves toward universal coverage, the question whether to retain the present trust fund method of financing or to substitute a pay-as-you-go system assumes increasing importance. Although the Washington Post believes that the present contributory system is preferable, there is room for honest difference of opinion on that score. However, action on a bill that has been introduced has been found for all unsettled problems. Amending legislation is needed at once to shore up the present weak structure and lay the foundations for a system that will be both adequate and nondiscriminatory.

Mr. SCHOFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Hurst in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Atkins Anderson Gurney Malone
Benton Hayden Mayhank Mirkin
Brewer Hodge McMillan
Bricker Hickenlooper Mundt
Bridge Hille Murdock
Butler Hore Myers
Byrd Humphrey O'Mahoney
Cain Hunt Peiper
Capenart Ives Robertson
Chapman Jenner Russell
Chaves Johnson, Colo. Schmitt Washington
Connally Johnson, Tex. Schoeppeh Washington, D.C.
Currie Kline Smith, Maine
Darby Kem Smith, N.J.
Donnell Kerr Sparkman
Dowdahl Kmieciak Sumner
Eastland Logue Thomas, Utah
Eaton Leham Utah
Elender Lodges Tyson's
Ferguson Long Watkins
Fandem Lucas Very
Frear McCarran Wiley
Fullbright McCarthy Williams
Georgé McClennen Wiltern
Gillette McFarland

The PRESIDING OFFICER. A quorum is present.

Mr. LUCAS. Mr. President, under the unanimous-consent agreement entered into last week for the taking of a vote tomorrow at 4 o'clock on the social-security bill, which is the unfinished business, the time was to be equally divided between the members of the Committee on Finance on the legislation. I merely mention this because those who desire to speak on the social-security bill had better speak today if they have speeches of any length, because tomorrow I presume the Senator from Georgia [Mr. GEORGE] and other Senators from the New England delegation who are interested, I was prevailed upon the wait until Wednesday before finally moving to take up the bill for the continuation of the Selective Service Act. But after conferring with the Senator from Maryland [Mr. Tydings], the Senator from Georgia [Mr. GEORGE], and the Senator from Illinois [Mr. Douglas], I am sure we can take care of any Senator, insofar as time for speaking is concerned.

Mr. LUCAS. Perhaps I was technically wrong, but I am sure the Senator from Maryland, who I am sure will take the floor tomorrow.

Mr. LUCAS. I yield to the Senator from Washington.

Mr. LUCAS. The Senator from Washington would like to raise a question concerning the status of the Selective Service bill. It had been my understanding that if we were to have time on the bill, which could be given him by the Senator from Colorado, or even by the Senator from Georgia. That is not the important consideration. What I am trying to do is to advise the Senator from Georgia that there is no danger of the situation, but it is now 15 minutes after 3 o'clock. I had thought that perhaps if there were no speeches earlier in the day on the social-security bill or other measures, I would move to take up the bill for the continuation of the Selective Service Act. But after conferring with the Senator from Maryland [Mr. Tydings], the Senator from Georgia [Mr. GEORGE], and the Senator from Illinois [Mr. Douglas] and other Senators who are interested, I was prevailed upon the wait until Wednesday before finally moving to take up the bill for the continuation of the Selective Service Act.

I now yield the floor.

Mr. LUCAS. I yield to the Senator from Louisiana.

Mr. LUCAS. Does the Senator from Illinois plan to move a recess at this time, or is he going to leave the floor open for further speeches?

Mr. LUCAS. I shall leave the floor open for further speeches or debate on the pending question, or any other question, but if no Senator is prepared to speak, the Senator from Illinois is ready to move that the Senate take a recess until tomorrow.

Mr. WIEREY. Mr. President, the observation made by the majority leader is correct insofar as the time under the unanimous-consent agreement is concerned. I should like to point out to the Senator from Georgia [Mr. GEORGE] and other Senators for control of the time between the proponents and opponents.

I am sure the majority leader will see that that is absent from the agreement, that it is not written, and I would suggest to the Senator from Georgia and other Senators who favor the opposition that it would be wise to take charge of the time for the proponents. The time was simply divided, and the time is under the control of the Senator from Georgia and the Senator from Colorado. I am sure we can take care of any Senator, insofar as time for speaking is concerned.

Mr. LUCAS. Perhaps I was technically wrong, but there will be time on the bill, which could be given him by the Senator from Colorado, or even by the Senator from Georgia.

Mr. LUCAS. I yield to the Senator from Washington.

Mr. LUCAS. The Senator from Washington would like to raise a question concerning the status of the Selective Service bill. It had been my understanding that probably if there were a lag this afternoon, that bill would be brought forward before the Senate, because of the termination date being next Saturday. But after conferring with the Senator from Maryland [Mr. Tydings], the Senator from Georgia [Mr. GEORGE], and the Senator from Illinois, we correctly understood the situation, but it is now 15 minutes after 3 o'clock. I had thought that perhaps if there were no speeches earlier in the day on the social-security bill or other measures, I would move to take up the bill for the continuation of the Selective Service Act. But after conferring with the Senator from Maryland [Mr. Tydings], the Senator from Georgia [Mr. GEORGE], and the Senator from Illinois, I am sure we can take care of any Senator, insofar as time for speaking is concerned.

Mr. LUCAS. Perhaps I was technically wrong, but I am sure the Senator from Maryland, who I am sure will take the floor tomorrow.
reported to the Senate by the Senate committee to be that all provisions for aid to disabled persons other than blind persons have been stricken from the bill. In view of the fact that the Senate committee has taken the better part of one year to study this matter, I find it extremely difficult to discover any justification for the Senate committee striking the very important provision which was included by the House of Representatives, calling upon the Federal Government to aid in providing assistance for the disabled.

The bill as it passed the House provided for assistance to those totally and permanently disabled. I am thinking in terms of welfare cases. There are persons who have lost their arms, there are persons who have lost their legs, persons who have TB, cancer or have heart disease, who will never be able to work again in their lives. I see some of them in my home State of Illinois, and I am bedridden chairs. I have occasion to visit some of them now and then at their homes, some who may live for 6 months, some who may live for 2 or 3 years, some who live 5 or 10 years. There are certainly cases of more crying need than is the case of the ordinary aged person.

In the State of Louisiana we have tried to do something for such people. Louisiana probably leads the Nation in its attempt to provide for unfortunate disabled people who, by reason of sickness, or by reason of loss of arms, or legs, or other physical impairment, are unable to earn a living in any manner whatsoever.

Mr. President, I should think that anyone who is pondering on his Bible teaching will reach the conclusion that we are not deny such people a little charitable help from the Federal Government. Yet we see the Federal Government ignoring them but ready to match the States under very advantageous conditions for all cases of the aged people. In my State we are able to work out a program for persons over 65 years of age, even though they may be able to do something for themselves.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Illinois.

Mr. LUCAS. The Senator has been unavoidably absent, and I should like to call his attention to the fact that the senior Senator from Pennsylvania (Mr. MYRAN) and the senior Senator from Illinois have offered an amendment which would take care of the very situation the Senator is now discussing. While we agreed that the Finance Committee should report the striking bill, we also reserved the right to offer certain liberalizing amendments from the floor of the Senate.

The subject matter the Senator from Louisiana is discussing is contained in an amendment offered by the Senator from Pennsylvania and myself. I am very happy that the Senator is discussing the subject, and I hope he will cover it fully, because the question involved is a very important one.

Mr. LONG. Mr. President, I am very pleased to have that information brought to my attention. I wonder if the amend-
Mr. THYE. Mr. President, will the Senator yield?

Mr. LONG. I yield for a question.

Mr. THYE. I must say to the very able Senator from Louisiana that I am a Republican, and if the Republican Party has adopted such a policy I am not aware of it. I have never heard of it. I do not know that we have had such a policy under discussion. I am only sorry that Members who serve on the Policy Committee are absent from the floor, because I believe that such a charge should be answered by a member of the Republican Policy Committee. At least, I have not heard that the Republican Party has adopted any such policy as that to which the Senator from Louisiana has referred.

Mr. LONG. The junior Senator from Louisiana is certainly heartened to hear that statement from the senior Senator from Minnesota. I say that I have heard that such a decision was made. Not being a member of the Policy Committee nor a member of the Republican Party, I would be unable to know whether that statement is correct or not. I hope the statement made by the Senator from Minnesota is entirely correct, and that the Republican Party has not taken a stand in opposition to aid to disabled persons.

Mr. THYE. Mr. President, will the Senator yield further?

Mr. LONG. I yield for a question.

Mr. THYE. All I can say is that if I had such a thought in mind, and if I were thinking of making mention of what the policy committee of a certain political party had decided, I would try to ascertain what the facts were before I made reference to that matter on the Senate floor.

Mr. LONG. I say to the Senator from Minnesota that I was informed by a person in whom I have some confidence, that such was the case. I will say, however, that my knowledge is entirely hearsay, and I stated it as being hearsay when I made that particular statement. I believe we will know how the Republican Party feels about this particular matter when we actually have a vote on the amendment dealing with this subject.

Mr. President, I certainly feel that the time is long past when we should cover this blind spot in our social-security program. In my opinion a Federal program to aid the disabled is more needed than any other provision in the pending social-security bill. We find in that a liberalization of benefits that individuals are presently drawing under social security. In many respects this bill contains a gratuity, because certainly in the sense of actuarial soundness, if the bill be looked upon in that sense, those persons who will receive greater social-security benefits did not pay enough money into the social-security program to pay for the benefits they will receive. Yet when it comes to the question of actual need we find that in the great category of disabled persons, who are not able to help themselves, the Federal Government is doing nothing to relieve the most dire cases of suffering and distress in America today.
SOCIAL SECURITY ACT AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

Mr. BENTON. Mr. President, a moment ago I asked and obtained consent to have printed in the Appendix of the CONGRESSIONAL RECORD a report entitled "How To Raise Real Wages," released on June 14, 1950, by the Committee for Economic Development. In that connection, I stated that the report is an extraordinary one, outlining a 10-point plan to double the real income of the average citizen, over the next 30 years, through the steady growth of our private business system. The conclusion of that report on national policy that real wages can be doubled in the next 30 years is sponsored by such a distinguished group of industrialists and business leaders; and their conclusion is germane to the measure now before us, which is the culmination of a decade of study by the Finance Committee to improve and strengthen the base of social security being developed for every member of our free society.

Mr. President, the goals of an expanding economy under free enterprise go hand in hand with the objectives of social security for all the American people. There is no conflict between these two things. Thus, I wish to say that I shall vote for many liberalizing amendments which I understand are to be submitted tomorrow in order to cover more persons and to bring the benefit levels more in line with present-day living standards.

Mr. President, I rise now in particular to associate myself on the Record with the amendment submitted on June 14 by the distinguished majority leader, the Senator from Illinois [Mr. Lucas], for himself and the Senator from Pennsylvania [Mr. Myers]. That amendment deals with aid to dependent children. This is a subject in which Mrs. Benton and I have long been interested.

Mr. President, on Whitsunday, May 28, 500,000 children marched in Berlin, under Soviet banners, organized in the so-called Free German Youth movement. I may say that often when I read in the newspapers the phrase "Free German Youth," I wish the newspapers
would print in parentheses, immediately afterward, the word "Communist," because the phrase "Free German Youth" is a classic example of the way the Communists distort our words for their own propaganda ends.

On that occasion, Mr. President, there marched in Berlin one-half million children from every part of the eastern zone of Germany—boys and girls from 6 to 16 years of age. They were dressed with the same sickening rhythm, the same set faces, the same sense of self-importance that were manifested by the Hitler Youth of late and tragic memory. As those children of the eastern zone of Germany marched in military array under their new Soviet drill masters, they sang, as they had been taught and told to sing, We Are the Children of the New Era.

Mr. President, the distinguished journalist, Mr. Hanson W. Baldwin, commented in the New York Times of June 28, 1950, Congressional Record-The Senate, Vol. 96, Pt. 17, that the right to rear their children is one of the basic rights of parents. It is proselytizing the young, knowing that if it wins the battle for the minds of youth, it has won—in the long-term view—the world.

On Decoration Day I personally was privileged to review a parade of school children in my town of Fairfield, Conn. The children moved along waving their American flags, and smiling up at their parents on the side lines. None of the children was in step. None of the lines was maintained in anything resembling military array. In speaking to the group after the parade I complimented the marchers and the parents and those responsible for the arrangements, I said, "Thank God, they cannot keep step. It is a great parade." Of course, Mr. President, it was a typical parade of free American children, and it was a wonderful sight, contrasting particularly with the scene which had unfolded a few days ago in the unhappy city of Berlin.

Who will dispute that the welfare of our children and the support and maintenance of the homes in which they are reared have first claims upon our democratic society? Even the most casual observer of family life recognizes that poverty and emotional insecurity are the breeding grounds of emotional and physical maladjustment and disease, of anti-social attitudes, and even of criminal resistance toward the fundamentals of our free institutions and our economic system. Any constructive measure we can take in this area of our national life would, in my opinion, be the soundest financial investment that can possibly be made by the United States today in our country's future.

In order to appreciate fully the amendment about which I am speaking, let us go back for a moment to the beginning of the national effort to provide a measure of social security for dependent children. Even before the enactment of the Social Security Act in 1935, most States had established what was then known as mother's aid or mother's assistance or mother's pensions, in aid of children—any child whose father had died, was incapacitated, or was absent from the home for other reasons. In 1929, about 44 States had such mother's aid laws, involving an aggregate expenditure of $30,000,000 per annum. Since that time this goes back a long time. Even in that remote period of rugged individualism, the States were striving to insure to dependent children the kind of home and family life that is necessary for healthy growth and full development. Most of the mothers thus aided would otherwise have attempted to support their children by striving to be both breadwinner and homemaker, under conditions of stress and poverty.

These State laws of the 1920's had many inadequacies, and they largely broke down during the depression years. Thousands of mothers went on relief rolls. National attention was thus focused on this identifiable group in our society, this group which required long-range planning and solution, in mercy, at the State level but through the instrumentality of the Federal Government: working, of course, in cooperation with the States and localities. Title IV of the Social Security Act, which became effective only as the new law operated over a period of years. The present needs of today's mothers and today's children cannot be neglected over the next few years on that account.

I repeat, Mr. President, that existing law makes no provision for needy mothers as such; and under existing law, and under the Senate committee bill, the maximum Federal contribution toward aid to dependent children is, in fact, $9 per person, including the mother and the child in the essential family unit, as contrasted to $30 a month Federal contribution per individual authorized for a needy old or blind person under the very same law. Here we have $9 for a mother and $9 for a child, in contrast to the $30 for this bill for a needy old or blind person.

This seems no reasonable basis for such inequitable treatment of mothers and of children by the Federal Government.

All of us with children know that it costs much if not more to rear children in health, decency, and self-respect with their mother only. If these were large families, perhaps it could be reasoned that one more mouth to feed might not make much difference, though, as the father of four children, I have doubts about the validity of that reasoning, particularly in the face of the low payments which are all many States can afford.

But these families are not large. They have been cut off in midlife. In this category the national average is only 2.5 children per family. It is easy to see what it will mean in such a small family group to have to feed and clothe an additional person. It is even easier to see what it must mean in the many instances of a mother with an only child, when the already scanty subsistence allowance for the child must be divided between the mother and the child.

The Senate Finance Committee has recommended a small increase in the matching ceiling, from $27 up to $30 a month. But the committee has rejected the sound provision in the House-approved bill that the aid to be given the mother or other responsible parent on the same level as that for the first child; namely, the $30 maximum, monthly, with the maximum Federal contribution of $18. This would be a first step for the mother as well as for the child.

The amendment in behalf of which I am speaking would, in effect, restore some justice to the State of Mississippi, or $1.75 a week per recipient in the total the State can pay, which represents the maximum Federal share is $16.50 monthly for the first child and $18 for the first child, would be paid only in cases of need, of course, in many instances the States supplement these payments out of their own funds, but in many other instances the States have all they can do financially to provide the matching of funds required by Federal law, so that the total the Federal Government contributes its $16.50 becomes the maximum, the total the State can pay.

Even counting the State and local contribution, the national average per recipient—that is, the child plus the mother—is only $20.44 a month. This is the total aid per recipient from all sources. The totals per recipient paid by all sources vary greatly. They range from $38.51 per month in the State of Washington to only $7.13 monthly per recipient in the State of Mississippi, or $1.75 a week per recipient.

The purpose of this entire aid-to-dependent-children program is, of course, the maintenance of the home. Certainly a home without a father needs a mother. After all, that Federal Government undertook this program because in 1935 the Government realized that the States could not carry the burden of the aid programs. But since then, and even at that time, the Federal Government failed to follow through in this vital respect. The great majority of these dependent children live in health, decency, and self-respect...
than to maintain an adult. It is surely no less important to make this investment in our future citizens than it is to provide decently for those who have retired. It is certainly neither equitable nor sound economy to provide for these children less than a third in Federal aid of what we provide for the aged or the blind.

The American Legion, which has long championed the needs of children through the splendid work of its child welfare committee, has been particularly active in advocating this change in the Social Security Act. The American Public Welfare Association, the American Parents Committee, many church, welfare, labor, and women's groups have joined in pressing for this surely compelling purpose of our time.

The amendment about which I am speaking calls for considerably less than the $30 ceiling for the mother as well as for the first child, recommended by the Advisory Council on Old Age Security, appointed in the Eightieth Congress by the Senate Finance Committee. Senators will recall that this council was headed by the late Edward R. Stettinius and included distinguished dollar experts representing the general public, such as Sumner H. Slichter, of Harvard University; J. Douglas Brown, dean of the faculty of Princeton University; Marion D. Felton, treasurer of the Eastman Kodak Co. and more recently chairman of the Committee for Economic Development, and N. Albert Linton, president of the Provident Mutual Life Insurance Co.

These distinguished citizens recommended and voted for funds far in excess of funds proposed in this amendment.

First, it was largely through inadvertence in drafting the original Social Security Act, this condition of inequity has existed. For 15 years the most precious family bonds were in effect discriminated against and resulted in a burden and a cause of privation.

The Senate Finance Committee has been realistic in authorizing increased appropriations to strengthen the services for child welfare provisions of the bill. I am now pleading that the Senate vote to bring the aid to dependent children into closer harmony with the purpose for which it was established, namely, safeguarding the home in which the children are to be reared, by including authorization of aid for the needy mother who takes care of the dependent child in their home.

This is the part of the mid-century White House conference on children and youth in a democracy. It is a good year, a happy moment, to adopt this amendment which embodies so well our democracy's objectives for its citizens of tomorrow.

Mr. President, I earnestly hope the Senate will act favorably on the amendment when it comes to a vote tomorrow.

Mr. LONG. Mr. President, will the Senator yield for an explanation?

Mr. BENTON. I yield.

Mr. LONG. I should like to advise the Senator that there are many of us who certainly hope the Senator's amendment meets with success, because it has been found, particularly in our experience in the State of Louisiana, that there is a need to help the mother to stay in the home and look after the dependent children so that we have found the necessity of carrying such a burden, without Federal aid in some cases, and we know that such an amendment is necessary.

Mr. BENTON. Mr. President, I appreciate the comments of the Senator from Louisiana. I should like to claim the amendment as my own. It is the amendment of the distinguished majority leader [Mr. Listerman], the Senator from Pennsylvania (Mr. Myrnes). The truth is that had I not been in Italy, had I not been attending the UNESCO conference in Florence as one of the two congressional representatives of the President, I would have offered the amendment myself. Now I hope I may associate myself with those Senators on the amendment when it is placed before the Senate for a vote tomorrow.

I yield the floor, Mr. President.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

Mr. President, all that is very good, but I also have borne in my own peculiar way the burden of this generation's work and progress and we have done this in the past toward the creating of our present national prosperity. And look how they are faring.

Mr. President, an analysis of the number of aged persons in the United States and 71,500 in Florida. In 1948, 1,600,000 were on old-age and survivors insurance rolls; 2,780,000 were on other kinds of public-assistance benefit rolls; 2,800,000 were employed—aged wives of these employed totalled 890,000; 2,200,000 were neither on benefit rolls of aged nor employed.

Of the 11,270,000 persons 65 years and over, 6,015,000 were single, widowed, or divorced; 3,302,000 were married with a spouse 65 or over. In other words, there were a little over a million and one-half couples both of whom were 65 and over; 1,800,000 men or women over 65 had a spouse under 65. There again, Mr. President, we see something of the problem.

Let me show how utterly inadequate are the payments which are now being made under the old-age assistance and aid to the blind programs. In March 1950, under old-age assistance, the payments on an average were $42.94; in Florida they were $40.47.

For the blind the benefits in the United States on an average were $47.70; in Florida they were $42.93.

The number of beneficiaries in March 1950, under the old-age assistance program, was 2,760,379; in Florida the number was 68,121.

The blind who were the recipients of benefits under the present program, numbered 94,065; there were 3,259 in Florida. In other words, there were about 2,050,000 aged and blind persons living on $50 or less a month in the United States and 71,000 in Florida. In 1950, the cost of living was at the highest it has been in over a quarter of a century and when our national prosperity is at the peak of all times.

We think that the aged and the blind fared badly, the recipients of old-age benefits under the present Social Security Act are not even doing as well as...
as they are. The old-age and survivors insurance benefits in Florida in June 1949, were as follows:

<table>
<thead>
<tr>
<th>Type of Benefit</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Benefit</td>
<td>$25.55</td>
</tr>
<tr>
<td>Widow with dependent children</td>
<td>10.00</td>
</tr>
<tr>
<td>Aged widow</td>
<td>13.60</td>
</tr>
<tr>
<td>Aged male</td>
<td>12.92</td>
</tr>
</tbody>
</table>

A dependent child got $11.76, an aged parent $12.84.

The average benefit under old-age and survivors insurance has increased 19 percent since 1939, whereas consumer prices, representing the increase in cost of living, have increased about 70 percent. In the same period the per capita income has increased 145 percent. We see, therefore, Mr. President, the grossly inadequate benefits we have provided so far to meet the needs of this segment of our citizens.

Under the Senate Committee bill retired workers now on the rolls would get an increase of $20 to $72.50, as contrasted with the present minimum of $10 to $46.50 a month, under the present law. The reason for which this would be $48, compared with $26 under the present law. Those who retire in the next few years would get about $55 a month.

Mr. President, these are the possible benefits available to the American people under the measure before us, and I commend the Committee on Finance for having gone beyond the House of Representatives in the pending measure. But we see the limited figures of the farmers and even under the benefit which are adequate for the beneficiaries, even under the bill recommended to us by our distinguished Committee on Finance, whereas the budget for aged couples, on even a modest scale, is, according to a very reputable inquiry which has been made, from $120 to $150 a month.

It will be remembered that in the Senate, the bill had it, that 30 percent of the aged, those who are receiving old-age assistance in the several States in relation to the age 65 and over, 14 percent in some States to 80 percent in others, with an average of 23 percent for the Nation.

I see the distinguished Junior Senator from Colorado (Mr. MILLIKIN) is on the floor. I understand the percentage in his State getting old-age assistance runs up to 80 percent of those who are 65 and over.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MILLIKIN. I was talking with another Senator when the distinguished Senator from Florida mentioned Colorado. As I understood him he suggested that perhaps 80 percent of those over 65 years of age in Colorado were on public assistance. It is roughly 50 percent.

Mr. PEPPER. Fifty percent?

Mr. MILLIKIN. Yes. Mr. President, there were some States in which the figure ran as high as 80 percent. I thought Colorado was in that category. I know Colorado pays a very high amount, one of the highest in the country.

Mr. MILLIKIN. Colorado pay a very high amount. We pay as high as perhaps 75. The difference between that and what we receive from the Federal Government, of course, is paid for by Colorado, which is quite a tribute to the State's own resourcefulness.

Mr. PEPPER. I commend the able Senator from Colorado for his forward look and for what his State has done in this field.

In June 1948, 10 percent of all the aged and survivors insurance recipients, were receiving old-age assistance. In Florida almost 18 percent. The highest was in Louisiana, where 35.4 percent were receiving it. The lowest was in Delaware, where only 2 percent were receiving it.

Mr. President, it is very clear that if the benefits were adequate under old-age and survivors' insurance, it would not be necessary to resort at all to the supplementary contribution of old-age assistance.

Despite 13 years of experience, the proportion of persons becoming eligible for insurance benefits has not increased. The percentage of insured persons to the total population of persons over 18 have increased from 32 percent to 80 percent, some 45,000,000.

Of old-age assistance recipients in the same month, only 4 percent were receiving it.

Those figures, Mr. President, sum up pretty well the fact that a great percentage of the farm segment of our citizenry "as no property, and no appreciable income, and yet only a negligible part of the farm population is covered by even the amended bill that comes to us from the distinguished Committee on Finance. That goes directly also to a measurement of the adequacy of the measure to meet the needs of the country.

Of 6,600,000 farm operators only 36 percent have contributed to old-age and survivors insurance, and only 10 percent are insured.

Of 4,600,000 hired farm workers, 45 percent have contributed to old-age and survivors insurance, and only 13.5 percent are insured. Here again is a great discrepancy between the farm worker and the one who has contributed anything at all at some period of their working lives, and those who are insured so as to be eligible to receive anything.

Mr. President, that is why I am joining with the distinguished senior Senator from Montana in sponsoring two amendments to provide for these farmers and laborers.

Mr. President, there is another problem which the Senate bill has not solved. The bill retains the $3,000 base for taxes and benefits; yet, we know that millions of individuals even now would be far better than they do. Nineteen percent of those with incomes between $3,000 and $5,000 a year had no liquid assets in 1948. Thirty-five percent had assets under $5,000, and 25 percent had assets between $5,000 and $20,000. I am talking about savings represented by United States savings bonds, savings accounts, loans, checking accounts, and the like.

A new wage-base limit of $4,200 was recommended by the Advisory Council in its 1948 report to the Senate Finance Committee, although Dr. Slichter of Harvard believes even the $4,200 base to be too low. I am happy to be one of
with this form of social security, we ought
the Senate that, if we are to forge: ahead
York [Mr. MYERS], as
those joining with the distinguished Sen-
ator from Pennsylvania [Mr. MYERS] is also urging upon the Senate that, if we are to improve with a sound social security, we ought not to

Mr. President, I should like to see the tax base raised even higher, for it is obvious that whatever we do, the present time is to make the persons receiving through remuneration for employment, $3,000 a year or less, provide much of their own care and sustenance in the period of employment after they have reached the age of 65 years.

I concede that a part of this cost of this program is borne by the public, because, obviously, a contribution by the employer makes is passed on to the public by the employer. But, by and large, Mr. President, the citizen who has an income in excess of $3,000 a year is not, in my opinion, entitled to a contribution to the care of the great mass of the citizenry of the Nation who have been the fathers and mothers of this generation and have borne the burden of the Nation's salvation and progress. If we limit the tax base to $3,000 a year, and the person making $100,000 a year contributes no more to that program than does the man receiving $3,000 a year, the citizen in the higher income-tax brackets is not making a contribution comparable to the contribution on which the person making $3,000 a year makes to the citizen receiving less than $1,000 a year, for example. I see no reason why an arbitrary limit of $3,000 a year has been taken as the maximum of the tax base.

It would seem that, if we are to have anything like adequate social security, we must broaden the coverage and approach more closely the just principle of taxation, of payment according to ability to pay. If everyone receives in return according to his contribution, then let the $3,000 taxpayer or income recipient pay according to his ability, and the $4,000 a year man get back according to what he has paid in; let the $5,000 a year man get back on the basis of what he has paid in long and according to what he has paid in. But we do not do that. We say we have to provide for those at the bottom of the economic ladder, and if the man who made only $500 a year got back, after he reached the age of 65, on the basis of what he paid in, with $500 a year as his tax base, there would not be enough to give him stock when he reached 65 years. So we say we have to include the man who makes $1,000, the one who makes $2,000, the one who makes $2,500, and the one who makes $3,000 a year, so that the man at the bottom of the ladder will have something more nearly adequate when he reaches the age of 65 years and retires from gainful employ-

If the man receiving $3,000 a year should help the man receiving less than $3,000, the man receiving $5,000 should do the same thing on the basis of his entire income.

I think the tax base should go still higher. As a matter of fact, Mr. President, approximately 10 percent of all persons having more than $3,000 in excess wages, would affect very few of those unfortunate citizens, we must do whatever is necessary in order to have extended coverage and more adequate benefits. I do not see how we can do that unless we raise the tax base above what it is at the present time.

Mr. President, it seems to me that we may as well frankly face the fact that this is social insurance. It is not private insurance. The people who pay in do not own it. It is not the relation of employer to employee. It is the recipient of benefits under the present law, something more than that under the bill which comes to us from the Senate Finance Committee. Whatever we do, Mr. President, at anything less than what the recipient should have and what the economy is able to support? It would seem to me that those factors should be the criteria.

What are they entitled to have when they become totally and permanently disabled, or when the worker dies and his survivors are left without support, or when the worker himself retires from employment because he can reasonably be ascertained by inquiry. Certainly we can have reasonable agreement upon how much an individual must have in order to maintain even approximately a decent standard of American life. How much should a recipient pay according to what he pays in, with $1,000 a year as the maximum of the tax base, and 15 percent of the next $275, I believe that the provisions in the Senate bill, 50 percent of the first $100 and 15 percent of the next $275, I believe that the provisions in the Senate bill, 50 percent of the first $100 and 15 percent of the next $275, I believe that the provisions in the Senate bill, 50 percent of the first $100 and 15 percent of the next $275, I believe that the provisions in the Senate bill, 50 percent of the first $100 and 15 percent of the next $275, I believe that the provisions in the Senate bill, 50 percent of the first $100 and 15 percent of the next $275, I believe that the provisions in the Senate bill, 50 percent of the first $100 and 15 percent of the next $275, I believe that the provisions in the Senate bill, 50 percent of the first $100 and 15 percent of the next $275, I believe that the provisions in the Senate bill, 50 percent of the 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not anyone to stay with my blind wife. That is my predicament."

In his letter he asked me whether there is anything like providing fairly causally like that of his wife and himself, by the laws of our country.

Mr. President, in good conscience I would have to answer him, "No." He and his wife are not adequately provided for under old-age assistance. He has at the present time. I mention that case with respect to the matter of eligibility. We know that in some States the amount received by a recipient of old-age assistance is greater than the amount received by such persons in other States. My State has been one of the rather forward-looking States in the South on this subject; and the average is approximately $40 a month for the recipients in Florida. The maximum is $50 a month. However, of course, that means that many persons receive far less than $40 a month.

The question arises, How can any citizen decently live in any part of this country for less than $40 a month, or for $40 a month, or for the maximum of $50 a month? That is a case to which the recipient must subject himself or herself, and with the means test determining eligibility, with the grossly inadequate amounts that are available, has been a failure; and therefore it should be reexamined, and we must find some solution which will be more adequate and satisfactory than that.

Mr. President, the other case which came to my attention also comes from Florida, and it is in respect to the inadequacy of the old-age and survivors' insurance benefits. The State of Florida has a statute—I am not critical of that enactment, Mr. President—which provides that the one who applies for old-age assistance benefits in the State of Florida unless he has resided in that State 5 years. So the State of Florida turned down his application, and said, in effect, "You will have to apply to the State of Florida."

He then applied to his former State of Indiana; but Indiana advised him that inasmuch as he had left Indiana, and was no longer a citizen of that State, he would have to apply to the State of Indiana. However, Florida had said to him, in effect, "You have not been in this State for 5 years as a citizen; therefore, we cannot give you anything." On the other hand, Indiana said, "You are no longer a citizen of Indiana; therefore, we cannot give you anything."

Or of course, the United States says, under its rule, "We pay only a part of what the State pays." Therefore, under these circumstances, he cannot obtain anything from the Federal Government.

Yet, Mr. President, he says, "I have been a taxpayer almost all my adult life. I have been a good citizen. I own my own home. I have no job; I have no savings. I cannot get a job, because I can't..."
that is as far as this great, rich, charitable, and generous America has gone since 1935. We now face the problem of the aged 65 and over.

I am glad we are going to do somewhat better in this bill, if it becomes law, though it will be somewhat better, we are not going to approximate completeness of coverage or adequacy of amount. We are only some of those in our population who are totally and permanently disabled. What are we going to do with them? The Advisory Council recommended that these benefits be paid to those between the ages of 60 and 65, with necessary objective tests as to disability.

In the hearings on the bill, H. R. 6000, before the Senate Finance Committee, Dr. Slichter, of Princeton, in believing that these benefits are just as necessary as those for the aged, heartily concur in that view. After all, the purpose of this program is to make insurance, for disability greater than that of the one who is unable to work at all by reason of total and permanent disability? How is his case to be distinguished from the one who is unable to work but who is able to work under this bill? Dr. Slichter points out that only 1 out of 20 cases of total and permanent disability results from industrial accidents. Sufficient protection can be provided by workmen's compensation, if such is the case. What we are interested in is the number of cases of human wreckage outside industry, or in respect to enterprises and activities not covered by workmen's compensation.

Dr. Slichter also says that in April 1949, 4 percent of males 60 to 64 were unable to work. Now, what is going to happen to those people who cannot work? They may have worked in the past and become disabled through no fault of their own. They are not taken care of by private sources of assistance, then what is their problem, and how is it to be met?

In February 1949, excluding persons in institutions, there were 2,059,000 persons 14 to 64 years of age, with disabilities lasting 6 months or more. I emphasize that statement, Mr. President. With these in institutions included, the total would amount to 3,000,000.

The incidence of total and permanent disability per 1,000 workers, by age groups, was about as follows: In the 20-year-old group, about 2 out of 1,000 are totally and permanently disabled; in the 30-year-old group, about 1 out of 1,000 are totally and permanently disabled; in the 40-year-old group, about 7 out of 1,000 are totally and permanently disabled; and those at 60, about 28. So we see that the number rises as the age increases. But even in the group as low as 20 years of age, 2 out of 1,000 are totally and permanently disabled.

Mr. President, the plight of those people presents an economic, moral, and social problem which would concern the Government of the United States. Today the Federal Government is doing very little to meet the problem faced by those people. Surely, whatever religion we may happen to have, there is no religion which could countenance the casting aside those people and totally neglecting them. The result is, they simply have to subsist upon the meager private or public care which is provided for them. We cannot expect to find the solution of the problem. I have been gratified to hear the utterances upon the floor in the debate in which the chairman of the Finance Committee, the able Senator from Colorado, and many other Senators have said we must come to the time when there shall be universal coverage.

Mr. President, the old-age and survivors insurance program, if it is enacted in the form it comes to us from the Committee on Finance, will still insure in 1951 less than 9 percent of the women of America. What is to happen to them, Mr. President, when they pass 65 years of age, or become totally and permanently disabled? If the bill is enacted, its provisions will reach in 1951 less than 50 percent of the men 65 years of age and over. Who is to take care of the others, Mr. President? Are they to be taken care of? So I say that we are challenged by the inadequacy of the measure to see if, while we are about it, something better, even in this haste, cannot be done.

Mr. President, there is a measure which has been before the country for many years. It was initiated and advocated by a great American, I refer to what is called the Townsend plan, advocated by Dr. Francis E. Townsend. I am one of those who on many public occasions have paid their dutiful respects to Dr. Francis E. Townsend as an American citizen. Here is a gentleman who during 40 years of productive work for our country, devoted himself to the public interest. For many years no name, other than the name of Franklin Delano Roosevelt, in respect to social security has meant more to the thinking man of the country than that of the illustrious name of Dr. Francis E. Townsend. He has suffered all manner of ridicule and scorn. However, he has borne it with the dignity and confidence which come from an awareness of the righteousness of the cause which he supports and so nobly advocates. Millions of senior citizens all over this land still honor and follow the name of Dr. Francis E. Townsend and feel that, even if we cannot do for those who reach the age of retirement from gainful employment at 65 years of age.

Dr. Townsend recommends, and I agree, that the age of retirement should be 60. I agree that a person should begin to receive the benefits of the program at 60 years of age. Dr. Townsend's plan contemplates that there shall be no means test. It would seem to me that a person who is capable of working for which recipients could accept some kind of part-time employment. Dr. Townsend's plan contemplates that a recipient shall retire from gainful employment and plow back monthly into the
economy what he or she would derive under the plan.

Mr. President, on behalf of the Senator from California (Mr. DOUGLASS), the Senator from Oklahoma (Mr. THOMAS), the Senator from Idaho (Mr. TAYLOR), and the Senator from North Dakota (Mr. LANCE), on June 13, 1949, I introduced a revised Townsend bill, which was known as S. 2181. That plan has been revised, since it was first initiated by Dr. Townsend. At that time it was generally regarded as a measure of guaranteed annual income, from which we would gain continuity of production and abundance. However, the plan has been revised, and I think wisely and soundly so.

The Senate Committee on Finance allowed Dr. Townsend and several Members of the committee to present the advocates of the measure, to come before it. The members of the committee were most courteous and gracious in the consideration they showed to this splendid gentleman and the ideas which came with him to advocate consideration of the measure. Many questions were asked by members of the committee during the hearing, which indicated the committee's genuine interest in the proposal. Those were the Senator from Colorado (Mr. MILLIKIN), the Senator from Maine (Mr. BREWSTER), other Senators who were present, and the chairman of the committee.

What does the so-called Townsend plan propose? It proposes a 3-percent gross income tax upon those who have a monthly income in excess of $250. It is estimated, Mr. President, that such a tax would yield a return of something like $3,000,000,000 a month, and that it would represent a turn-over of $100,000,000,000 or more per year.

Mr. President, there are those who say that would be a shocking amount, and that our economy could not stand the shock. What is overlooked is that from different sources we are already paying for general pension purposes about half that amount. If we add up what is being paid out in one form or another, we see that substantially half of that estimated amount is being paid out at the present time. The economy has been standing the shock. It should be remembered that not all the money which is being paid out is required to be immediately plowed back into the economy itself. In other words, it would not be taking money and sending it off somewhere so that it would not come back into the economy. It does not contemplate burying the money. It contemplates plowing back into the economy every 30 days what the recipient receives. It would be going into the same channels of distribution into those channels which are rather like the seed which is taken from the harvest and planted in the ground, from which comes another bountiful harvest through which we achieve a continuity of production and abundance.

What it would do, as I have said, would be to levy a 3 percent gross income tax on all incomes in excess of $250 a month. Those making less than $250 would pay nothing directly. Obviously, even today the public pays a large part of the 1½ percent which the employer must contribute under the old-age and survivors insurance. Those persons who make less than $250 a month constitute the majority of the public, so those who make less than $250 a month would not under this plan escape the duty of making a just contribution to it. We know that those making less than that a month spend practically all of their income anyway. Every time a person spent money it would become a part of some other person's income, and that income would become taxable if it was in excess of $250 a month. Therefore, it is not very different in principle from old-age and survivors insurance, for it is both a gross income tax and an indirect tax, which is required to be paid by the public to whom a part of the levied tax is passed. In the case of old-age and survivors insurance, we pay it directly but passes on a very large portion of it to the public.

Someone may say, "I did not realize that under old-age and survivors insurance, I paid an indirect tax imposed." Anyone who says that certainly overlooks the fact that a worker now pays 1½ percent of his total income if he receives less than $3,000 a year. Moreover, there is no deduction outside of what they receive from their gainful employment. Therefore, at the present time under-old-age and survivors insurance, they are subjected to a gross income tax. He has no deduction for the cost of getting to work. He has no deduction for the cost of maintaining his body, which goes to the place of employment. He has no deductible item of any character. He pays 1½ percent of his gross income under old-age and survivors insurance.

All that the Townsend plan proposes to do is to switch the group that pays on gross income. The gross income tax would be paid by those earning above $250 a month in income, instead of being paid by those earning less than $250 a month in income. So that substantially the same principle is employed in both systems, except that in the Townsend plan the amount of the tax is 3 percent, whereas under the old-age and survivors insurance plan it is a gross of 3 percent divided between the employee and employer. But 3 percent of incomes under $3,000 is the base of the tax under old-age and survivors insurance, and 3 percent of gross income in the hands of those making more than $250 a month is the tax base in the Townsend plan.

Mr. President, while there may be details about which there would be differences, and no doubt there are, nevertheless it is no more wrong in principle, I venture to say, than the provisions of old-age and survivors insurance to which we continue to remain wedded in the bill which is recommended to us by the Committee on Finance.

So much for the methods of the tax.

Secondly, the principal objective of the Townsend plan is that it is universal in coverage. Every citizen in the United States, man or woman, who reaches, according to the Townsend plan, 60 years of age and retires from gainful employment, becomes immediately eligible to receive the benefits of the program.

Mr. President, that means that all those persons, under the present law and the committee bill who will not get anything in 1951, would immediately become eligible for their share of the benefits of the Townsend plan. If that bill were the law of the land, I am going to speak about the size of the benefits in a moment.

Mr. President, that means that the other half of our male population over 65 years of age who received nothing and will receive nothing under the new bill in the next year would immediately become eligible. It does not require any feature unique to the Townsend plan, if that were the law of the land. In other words, the Townsend plan, which has been before the Congress altogether for 16 years, offers all of the features of the Townsend plan that were admitted to be necessary to a successful social-security system.

It is a strictly pay-as-you-go financial program; and I interpolate that I agree with no Senator who has spoken on this floor by other Senators—that any program should be fairly close to a pay-as-you-go program.

We have to revise the program anyway after 50 years if we adopt the present system. Experience has shown we have had to do it. I dare say we will have to do it again. It is not possible to anticipate what will be the conditions in this country in the year 2000—50 years from now. Yet the pending bill is predicated upon the continuation of a policy for 50 years—up to the year 2000. Mr. President, no one can look half a century ahead and see what conditions will be. So it is obvious that we are going to have to revise the system every few years, and that the funds we build up as a sort of modified or reduced or will disappear or will be augmented as if probably they did not exist. In other words, we will have to make provision to pay the annuities when they become due in the future out of revenues that then become available, because, as has been pointed out, the money is not lying in a safety-deposit box. We do not have it in currency. It is simply a credit on the books of the Treasury to this fund. They pay out currently what is due currently, out of what comes in currently. I believe, and it is, of course, into this fund, or is a credit on the books of the Government of the United States. It is immediately availed of by the Government of the United States, and in its place are put obligations of the Government. They are bonds of the United States Government. But they can be paid only out of tax revenue. So the people have to put up the money if anything in excess of current revenues is to be paid to the recipients of the plan. The money is to be put up out of current taxation.

Mr. MILLIKIN. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield to the Senator from Colorado.

Mr. MILLIKIN. As we widen the coverage, through whatever the system may be, the contributors to the system, such
as we have now, and the general tax-

gers, who will ultimately be called upon
to make good the reserve fund, come

together in identity, which is an-
other way of saying they pay twice for
the same thing.

Mr. PEPPER. Certainly, and obviously
we have to collect from those who have
the ability to pay.

So, first, the Townsend plan is a pay-
as-you-go plan.

Further, Mr. President, the benefits
under the program to the recipients
of old-age and survivors' insurance have in-
creased 19 percent since 1939. The cost
of living has increased about 70 percent
in that time. What does that mean?
It means that the real value of the ben-
efits has been diminished; in other words,
the recipient will get less in terms of
buying power than he would have gotten
had he become 65 years of age at an
earlier date, after this program went into
effect.

So long as we are going to have to levy
a definite tax and figure the amount of
the benefits the beneficiary is entitled to
receive under the present law, we will
always have this changing relationship
between the amount of dollars a recipi-
ent may get under a more or less rigid
program, and the cost of living a recipi-
ent has to bear. Generally, since the
cost of living goes up, the change is to
the detriment of the recipient under the
program.

Mr. President, if the Townsend bill
were the law, that discrepancy would not
exist. Rather, if the way the Townsend
revenues are divided is this: The eligible
class are simply the distributers of the
amount of money the plan provides, in
other words, the amount of money that
comes in under the tax levied under the
Townsend bill. If a certain amount, let
us say $1,000,000,000, comes in every
month under the Townsend plan, obvi-
sously the tax we have the figure at 3
percent or 1½ percent, or whether we vary
the form of tax, would be determined as a result
of experience; but there is nothing new in
that. We are merely suggesting that the
tax be gross income tax, but what we are
talking about is a current tax.

Suppose that tax, under the Townsend
bill, yields a billion dollars a month. That
$1,000,000,000 would be divided up
among the distributers who are classi-

cated and named and made eligible by act
of Congress, and each one would get his
or her share; but everyone would get
something.

Under that plan, it becomes apparent,
if we have inflation, so that the dollar
is worth less, more dollars would be taken
in under the program and more dollars
would be paid out as more money was in
circulation. But if more money is in

circulation and dollars become less valu-
able, under the law we now have, the
recipients would get a fixed number of
dollars. Therefore, the amount would not
fluctuate. If we have inflation, the dollars
no longer have the same value, they do not get more, or if a
falling cost of living, there is not an ad-
justment.

Mr. BREWSTER. Mr. President, will
the Senator from Florida yield?

Mr. PEPPER. I yield to the Senator
from Maine.

Mr. BREWSTER. I am happy to ex-
press my gratification that the Senator is
presenting to the Senate his custom-
tary eloquence, the consideration of
this plan, a subject on which he and I
have been in agreement for a long time.

Mr. PEPPER. I am most grateful for
the Senator's words. Coming from the
source from which they emanate, they
are praise indeed.

Mr. BREWSTER. I wonder if the
Senator has pointed out, in view of what
he has been saying about the wisdom of
having a fluctuating scale in order to
meet the changing values of the dollar,
that the one thing we are certain of is
that the value of the dollar will not re-
main the same, that it will go up and
down. But this plan is adjusted to that,
and allows to the old people their pro-
portionate share of whatever is the na-
tional income and whatever is the na-
tional productivity, in terms of food,
rather than in terms of dollars, which
latter is, as we now find, utterly inade-
quate.

But, in addition, there is the other
consideration, namely, that it elimi-
nates the possibility of political shenan-
gans, such as an inequitable part of the
administration of the means test. If
it were possible to have people without
human beings, the administration
would perhaps be possible for them to do justice to all the
gradations of income groups. But since
it is administered by very human beings
of one or another political persuasion, I
presume it is a little more easy for a
Republican to receive benefits by way of
old-age assistance, and I presume in the
State of Maine, it would be more easy for a Republican to
receive such benefits. That is the re-
sult of the inevitable operations of hu-
man nature.

I believe we shall arrive at an equitable
solution of the problem and of the funda-
mental principles involved by the uni-
versal application of a pay-as-you-go-plan,
of a widely distributed tax which
will be subject to study, and the elimi-
nation of a means test. Those funda-
mental principles I believe must eventu-
ally evolve.

As I said the other day, it is profoundly
gratifying to me to note the submission
of a resolution, which has very sub-
stantial support on both sides of the
aisle, and which for the first time will
bring about careful study and evaluation
of the general principles which are at
the very foundation of the Townsend plan,
that have served the country by the de-
velopment of this idea.

Mr. PEPPER. I thank the Senator
from Maine very much for his contribu-
tion.

Mr. President, I conclude with this
summation. The system we now have
has been in effect since 1935. It still
leaves more than half of the male
members of our population above 65 years of
age and those above 65 in 1951.
In 1951 it would provide nothing for
more than 90 percent of the female popu-
lation of our country above 65 years of
age.

I have already pointed out that of that
group there are about 11,200,000 of our
citizens; that three and one-half million
of them have no income at all, and the
average income of those with any in-
come is being paid with the income re-
ceiving from old-age and survivors' in-
urance, and from all sources is only
$308 a year.

Mr. HUMPHREY. Mr. President, be-
fore the Senator concludes I should like

to say that the remarks of the Senator
from Florida pertaining to the old-age
insurance and old-age-pension program
are entirely fitting and appropriate as
we discuss House bill 6000.
I was very much interested in the com-
ments of the Senator from Maine [Mr.
Brewster] who associated himself with
the Senator from Florida, to see this bi-
partisan effort of working toward the
development of program and the accept-
ance of fundamental principles that per-
tain to old-age pensions.

I think all of us recognize a debt of
grace to the Townsend movement for
what it has done in terms of making viv-
id, clear, and meaningful to the American
people the dire need of an adequate old-
age pension system. I think without
the program that the law that we are con-

dering today would have died on the vine. The Townsend
move-ment has worked tirelessly in behalf of the senior citizens of the Nation
and as the committee moves forward on
the floor of the United States Senate.

I have heard some comments from
Senators who have stated their belief in
the principle of a universal pension.

Surely, the Senator from Florida and the
Senator from Maine are entirely cor-
rect when they say that the means test is an unfair and unfortunate test for
the application of a deserved pension.
Also I think it is important that we
consider the fact that the receiving of a
pension is an age limit, that will have to
be lowered. We ought to be striving toward that particular goal.

We do not need to take precipi-
tious action, but in the next 20 years we
do want to look upon the 1951 law as
a pension as earned income, annual
retirement or voluntary, retirement,
whether he has been saying about the wisdom of
the development of that program, but I think it is important that we
consider the fact that the receiving of a pension is an age limit
that will have to be lowered. We ought
to be striving toward that particular
goal. We do not need to take precipi-
tious action, but in the next 20 years we
do want to look upon the 1951 law as
a pension as earned income, annual
retirement or voluntary, retirement,
Let me inquire whether the Senator has discussed that phase of the program at all.

Mr. PEPFER. I only adverted to it a moment ago. I rather share the view, as I indicated then, of the Senator from Minnesota, that a great many details of the plan which experience would show should be altered or changed. I myself, think there are many of our senior citizens who would like to find part-time employment. It seems to me we should let them work as much as they want to and as much as they can. Certainly I would not be shocked at having them do what might be called hard work which they would like to do and which they would will to do. I think many of them would be happier to do that, rather than to sit in complete idleness; and I think they would be glad to make some worthwhile contribution to our country.

Mr. BREWSTER. And should not provision be made that they would not be penalized for doing so?

Mr. PEPFER. Yes; that could be arranged.

Mr. President, let me call attention to the inadequacy of the present plan. A certain lady in Biddeford, Maine, was notified on April 4, 1950, that she was entitled to benefits under the Social Security Act, payable monthly, in the amount of $24.33. However, she was advised that since she was still working, no benefits could be paid at this time.

She was also advised as follows:

It has also been determined that you are entitled to widow's insurance benefits of 7 cents a month, beginning with the 100th month based on your husband's wage record under account No. ———. However, since you are now working, no benefits can be paid at this time. When you have terminated your employment and are eligible to receive payment, we will combine the benefits you are entitled to receive. This is to act under the social security law and to eliminate the necessity of sending you two checks, one of which is in an amount less than $1. No monthly benefit will be sent to you in the amount of $24.40, representing payment of your combined benefits. If you remarry, you may be entitled to your widow's insurance benefits.

Mr. President, in other words, she is being advised that if she remarries, she will lose the 7 cents a month which she would otherwise be entitled to receive. Therefore, I suppose she is able to appraise the agency's value of her late husband's labor, on the basis of that notification.

She was further advised:

Notice to beneficiaries should be sent to the Social Security Administration immediately. However, you will still be entitled to $24.33 a month, based on your own wage record.

Mr. President, that lady would have been entitled to a good many dollars a month as the beneficiary of a husband who probably had paid into this fund for more than 27 quarters; but due to the rule that if she had any benefits of her own the insurance agency would not pay her, if her husband, who had worked, she could not receive benefits based on what her husband had really earned, for his survivor, his widow, but only receive the difference between what she had won with her own work and what she was entitled to receive as the widow of her husband, who had made his own payment for a considerable period of time, instead of receiving what she should have been entitled to receive as the widow of a husband who had no general insurance payment. She was entitled to receive only the difference, which was 7 cents a month.

Mr. President, I say the system is not adequate and the problem is not being adequately solved.

I commend the committee for its resolution to go ahead with its study. I particularly commend to the Senate, and to the Congress in the future, a specific study of the principles of the Townsend plan. They are basically sound in at least four respects:

They are universal coverage; they provide for a pay-as-you-go system; and they will provide a fund that will fluctuate according to the cost of living and the money in circulation in the economy.

Mr. President, the amount contemplated by that plan is a far more adequate amount for the purpose, than the thing which is even foreseeable under the plan we now have in existence.

Mr. President, it is obvious that we are not providing better than that for this homogeneous segment of our population.

The Bible tells us in the fifth commandment, "Honour thy father and mother that thy days be long upon the land wherein the Lord thy God giveth thee." We are not honoring the fathers and mothers of the people of this country as we should. Adoption of the Townsend bill by Congress will give them the food, shelter, clothes, and other comforts to which a lifetime of work entitles them.

It will give them the dignity and responsibility they deserve. Only then, when they have all these things, shall we truly have honored our mothers and fathers.

Therefore, Mr. President, I propose a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. PEPFER. It is still permissible to send amendments to the desk; is it not?

The VICE PRESIDENT. It is, to be printed and lie on the table.

Mr. PEPFER. And come up for consideration when amendments lying on the table are to be considered, I understand.

Therefore, Mr. President, I send to the desk, to be printed, an amendment in the nature of a substitute for the pending measure. The amendment was previously introduced as Senate bill 2161, but I now offer it as an amendment in the nature of a substitute for the pending bill.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. PEPFER. Mr. President, I ask unanimous consent to have printed in the body of the Record, immediately following my remarks, a statement prepared by a representative of the Railway Labor Executives, showing the relation of the benefits which the Railroad Retirement Act, to those under the old-age and survivors' insurance program. This statement was given to me by Mr. Lyons, executive secretary of the Railway Labor Executives.
There being no objection, the statement was ordered to be printed in the Record, as follows:

The general old-age and survivors system derives a very substantial financial benefit from the maintenance of the separate railroad retirement system. This gives rise to an obligation which should be recognized and which, if not met at such time and in such manner as will be to the best interests of the railroad retirement system.

The reason why the general system derives this financial benefit from the maintenance of the separate railroad retirement system is that the railroad employees are a relatively higher cost group for whom to maintain an old-age retirement and survivors system than the general working population covered by the social-security system. The extent of this financial advantage at the time the two systems began in their original form in 1937 was estimated to aggregate over a billion dollars and perhaps to exceed two billion. As benefits are revised and liberalized the effect is to increase the financial benefit which the general system derives from the separate maintenance of the railroad retirement system. Upon the enactment of the pending legislation this benefit would come to approximately the equivalent of 2 percent of the railroad taxable pay roll. In other words if there were paid from the old-age and survivors trust fund into the railroad retirement account for each year an amount equivalent to a 2 percent tax on the railroad pay roll, the general system would be merely paying for the benefit it derives from the separate maintenance of the railroad retirement system.

There are a number of reasons why the railroad employees constitute a higher cost group than the population covered by the general system:

1. The average age of the railroad employees is about 6 or 7 years higher than that of the insured Social Security population which, as a result, results in a much smaller deferral of future costs.

2. The seniority system is much more elaborately and universally applied in the railroad industry than in Industry generally, with the result that there is a heavier concentration of earnings in the older age group than in the general population.

3. The railroad industry is a mature industry that cannot be expected to expand in proportion to the expansion of industry in general. Past experience indicates that as productivity increases, the numbers of employees in the industry will decline even though the volume of work done remains constant or even expands somewhat.

4. Because of the savings in wives' and survivors' benefits through women being fully insured, there is a financial advantage in having a relatively higher proportion of women in the covered group. Women constitute only about 6 percent of the railroad retirement coverage, whereas they constitute about 30 percent of the present social-security coverage, and will probably make up an even larger proportion under the coverage as expanded by the pending legislation.

Mr. PEPPER. Mr. President, I also ask unanimous consent to have printed in the Record immediately following my remarks a letter signed by Dr. Francis E. Townsend, dated June 16, 1950, addressed "Dear Congressman."

There being no objection, the letter was ordered to be printed in the Record, as follows:

THE TOWNSEND PLAN FOR NATIONAL INSURANCE.
Cleveland, Ohio, June 16, 1950.
DEAR CONGRESSMAN: Here's the chance of a lifetime for Congressmen and Senators to pick up an easy $5,000.

W. D. Dobbins, of the W. D. Dobbins & Sons Development Co., Birmingham, Ala., is the man who is putting up the money.

All you have to do to win is to prove to Mr. Dobbins that the Townsend Plan in operation would cost the taxpayers of this Nation as much as $1.

The argument behind the Townsend plan is that the new business it would create through the additional purchasing power enjoyed by millions of retired elders would far offset the revenue it would require to pension the aged.

Just prove that this is not true and the money is yours.

Here are excerpts from Dobbins' letter to Townsend National Headquarters:

"I will offer $5,000 in cash to any Senator or Congressman who can prove that the Townsend plan would cost the taxpayers $1. It will not only not cost a dollar, but will give us such a tremendous market that we will be able to balance our Federal Budget."

"If you can use this offer in any way to help promote the Townsend plan, I will back it up with the cash or a security bond."

"Let's hit the nail on the head while this is hot in the Senate."

There you are, Congressmen and Senators. There's $5,000 in good American cash waiting for the fellows who have been saying the Townsend Plan won't work. If you think it won't work, tell it to Dobbins. Convince him and the money is yours.

Cordially yours,

P. F. E. TOWNSEND
President.

P. S.—The above quote is from Mr. Dobbins' letter dated June 14, 1950, which is on file at Townsend National Headquarters.

SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

Mr. CAIN. Mr. President, in the unanimous-consent agreement reached on June 14 to vote on the pending bill, H. R. 6000, it was provided that there should be included a vote on a resolution sanctioned by the Senate Finance Committee and to be offered by the Senator from Georgia (Mr. GEORGE) and the Senator from Colorado (Mr. MILLIKIN), authorizing and directing that said Finance Committee, or any duly authorized subcommittee thereof, should continue the study and investigation of social-security problems in the United States.

My position on H. R. 6000 has been that the time is long since past due for a thorough investigation and over-hauling of our present social-security system.

I have urged, as earnestly as I could, that the investigation be conducted in such a way as to give the public complete confidence that the inquiry was completely independent and free from any possible suggestion of influence by the Social Security Administration. It is a matter of great gratification to me that the Senator from Georgia and the Senator from Colorado have brought in this resolution providing for further study.

The resolution—Senate Resolution 360 provides that the Finance Committee or authorized subcommittee is authorized to "employ such technical, clerical, and other assistants as it deems advisable and to designate and appoint advisers."

The Senator from Washington is advised that if, in the process of this study, the Senate Finance Committee should deem it advisable to employ actuaries, experts from the insurance departments of our universities or other highly qualified assistance, they might possibly find themselves in a position of violating sections 281, 282, or 284 of title 18 of the United States Code, or perhaps some other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding or matter involving the United States.

The Senator from Washington is wholeheartedly in favor of what the Senate Finance Committee proposes to do, and since it system would be unfortunate, disastrous even, if at this late date the
Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am pleased to yield.

Mr. MILLIKIN. The Senator from Colorado that his resolution is a better instrument without having in-

cluded them. But I am very glad that he has introduced the joint resolution, because I shall ask the legislative counsel to take another look at it during this session.

Mr. CAIN. May the junior Senator from Washington then say to his friend from Colorado that he recognizes the seri-ous determination of the Senator from Colorado, and his colleagues to consider a very thorough-going investiga-
tion. The Senator from Washington has only tried to be helpful. Should it con-
tinue to be the opinion of the Senator from Colorado that his resolution is a better instrument without having included within it the terms of the joint resolution he has just sent to the desk, I shall be only too happy to yield to him now.

Mr. MILLIKIN. Mr. President, will the Senator yield for a further state-
ment?

Mr. CAIN. Certainly.

Mr. MILLIKIN. I put the phraseology the Senator suggests in one of the early drafts of Senate Resolution 300, and it was then deleted on the suggestion of the legislative counsel that we would have more elbow room if it were out. But as I say, I shall ask for further advice on it.

Mr. CAIN. Mr. President, if the Senator will permit one further question, would it not be possible for the resolution to be disposed of, now that the Senator from Washington has introduced this joint resolution, to call it to the attention of the legislative counsel between now and tomorrow, at which time the whole problem will be before us, in the hope that we may dispose of it in a very positive and clear-cut way?

Mr. MILLIKIN. I did so, 30 seconds ago.

Mr. CAIN. I appreciate the Senator's willingness to cooperate.

There being no objection the joint resolu-
tion (S. J. Res. 187) to suspend the applica-
tion of certain Federal laws with respect to persons employed by the Senate Committee on Finance in connection with the investigation ordered by Senate Resolution 300, Eighty-first Congress, introduced, read twice by its title, and ordered to lie on the table.

Mr. HUMPHREY. The Senate of the United States now has the bill to amend the Social Security Act on the floor. It will vote Tuesday, June 20, on this bill.

We can be certain that the bill as it passes the Senate will be a decided improvement over the present social-security law.

It will add a minimum of 9,000,000 people to social-security coverage. For the first time self-employed people will be included under the old-age provisions of the social-security program.

I wish to discuss briefly some of the amendments which I plan to submit, of which I have the privilege of being co-
sponsor, and which I shall support, and which will further liberalize the social-
security bill.

One of the most important of those amendments, of which I am a co-spon-
sor, would increase the amount of annual wages which must be credited toward final old-age and survivors' in-
surance benefits. The present law pro-
vides a maximum wage base of $3,000. This version was kept in the bill as it is now by the Senate in spite of the fact that the House recommended an increase to $3,600, which would permit maximum benefits of $80 per month.

An attempt will be made to raise that maximum benefit even beyond $3,600 to $4,200, which will permit benefits of $87.50, and also to $4,800, which will permit maximum benefits of $95. I am supporting these liberalized efforts. I feel certain that we can pass the $3,600 wage-base amendment in the Senate and I hope we can go further. These amend-
ments are significant because a Senate advisory council some months ago, after a thorough-going study of the whole program, recommended a base of $4,200.

The next amendment of which I am a co-sponsor will provide insurance bene-
"fits to individuals who are permanently unable to engage in any gainful activity by reason of any medically proven physical or mental illness. This is called a disability-insurance amendment. It was included in the House bill. It was recom-
mended by the Senate advisory council. I believe it to be regrettable that the Senate Finance Committee de-
cided not to include this provision in the bill, but we will consider it in the Senate.

By the way, Mr. President, I want to commend the junior Senator from Louisiana for his very comprehensive and able address this afternoon in ref-
erence to the insurance benefits. I un-
derstand the Senator from Louisiana will submit an amendment on disability assistance, and it is my intention to sup-
port him, because his case is convinc-
ing and is grounded upon sound fact.

The third amendment which we will face on the floor of the Senate and which I will support, is designed to provide some kind of an incentive in the old-age and survivors insurance pro-
gram. It will do so by increasing basic benefits for each year of contribution.

The bill as it is reported by the Senate Finance Committee would give an equal benefit to a worker who has contributed to the program for 2 years or for 20 years. Our amendment will add a percentage increment to the bene-
fits received for each year in which a con-
tribution to the social-security fund is made.

It is also my plan to support amend-
ments which would consider salesmen and agent drivers, distributing bever-
ages, fuel, ice, ice cream, and fruit produ-
ces, as well as meat and bakery pro-
duce, laundry or dry cleaning services, as employees to be covered by the social-
security law. This would add about 300,000 persons to the coverage of the So-
cial Security Act.

I also plan to support an amendment which would give protection to about 40,000 home workers and certain do-

crastic services.

It is my intention to support another amendment which would include tips as wages in computing social-security benefits.

An amendment will also be intro-
duced, which I shall support, extending social-security benefits to about 775,000 additional farm workers.

I now want to bring to the attention of the Senate an amendment which the Senator from New York [Mr. LIEBER] and I have submitted, designed to in-
crease the old-age provisions of the social-security law. I recently com-
mented briefly upon this amendment, at the time of its submission. This amend-
ment is for those older folks who are not under the insurance program. This amendment would raise the maximum pension from $50 to $65 per month, which means that the Federal Govern-
ment would make a contribution to any pension up to $65 by paying one-third of any amount over $50. The present law provides a maximum of $50, and that maximum is maintained by the Senate and the House versions.

The House version does differ, however, from the Senate bill in that it gives more as-

to those States which are of the lower economic income.

My amendment, and the amendment cosponsored by the Senator from New York, will also increase benefits to the blind and to dependent children.

One of the most pressing problems which many local governments face with the public-assistance program is the fact that under the present law it is difficult to provide for medical care for the aged. I am joining with other colleagues in an amendment which will provide Federal grants for medical care to the needy aged, the needy blind, and to dependent children.
The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from Illinois (Mr. Lucas) for himself and other Senators.

Mr. GEORGE. Mr. President, I yield 20 minutes to the Senator from Pennsylvania [Mr. Martin].

The VICE PRESIDENT. The Senator from Pennsylvania is recognized for 20 minutes.

Mr. MARTIN. Mr. President, we are indeed deeply indebted to the able and distinguished chairman of the Finance Committee, the senior Senator from Georgia [Mr. George], and the equally able and distinguished junior Senator from Colorado [Mr. Millikin] for the enormous amount of intense study and the laborious effort represented in the bill which is now before the Senate.

The task to which they devoted themselves so zealously was one of vast magnitude and extreme complexity. The problem of social security is not one that can be brought to perfection by any quick or easy method. It is not con-
And, Mr. President, important as is the problem of our aging and aged today, tomorrow it will be infinitely more important. Today our population of men and women over 65 years of age is about eleven and one-half million. By 1975 there are expected to be about 19,000,000 in that category, and by the year 2000 even more.

There are other people are men and women who have made their full contribution to the upbuilding and support of the Republic. They have given the country a new generation, have fought its wars, have raised its children, supported its homes, and schools, and taught its youth, and produced an infinite variety of our manufactured products. They have kept burning brightly the torch of our form of government and our way of life.

They are an indispensable link in the continuity of America.

For them, there must not—there shall not ever be a "dole" or a "pittance," or a "handout"—something to fill in until, somewhere along the line, there is created a basically sounder and firmer system of doing the job that must be done.

Certainly we have before us a substantial improvement upon the present law. We are widening the coverage and offering a much more realistic schedule of benefits to the older population in the light of present-day prices. These are valuable adjustments.

But there is another side. Like the original 1935 measure, the pending bill contains a stopgap—something to fill in until, somewhere along the line, there is created a basically sounder and firmer system of doing the job that must be done.

I refer, of course, to the kind of law which will stand on the three firm foundation pins of universal coverage, pay-as-you-go, and something reasonably close to genuine actuarial standards.

I shall vote for this bill in the clear recognition that it is still a stopgap—certainly a much improved stopgap—but yet a challenge for us to find something better.

Wholeheartedly I endorse the resolution offered jointly by the senior Senator from Georgia and the junior Senator from Colorado, for a continuing study of social-security problems to determine the best way to make the present system over into the fundamentally sounder one which all of us are determined the country must have.

As we all know, the bill which is now before the Senate, and which is an improvement over existing law, largely grew from the resolution adopted by the Senate on July 22, 1947, during the Eightieth Congress—a resolution jointly sponsored by the then chairman of the Finance Committee [Mr. MILLIKEN] and the ranking minority member [Mr. GOERTZEN] for an investigation into the social-security system. The experts appointed in accordance with that resolution assembled for the Congress basic new information which provided the stepping stones to this bill.

The new resolution (S. Res. 300), which is to be voted on this afternoon, calls for something much more substantial. It should get the support of all seeking to provide the best possible safeguards for our growing population of older citizens.
the George-Millikin resolution will bring us a step closer to that goal.

If we do not seek a sound actuarial solution, we have no idea what this system, or any system, will cost us 20 or 30 or 50 years hence.

Today about 35,000,000 active workers pay into the fund; and only about 2,000 receive weekly benefits. That makes it easy to understand the Social Security Act's purpose. The program is designed to operate, because a great deal more is paid into the fund than is withdrawn in the form of benefits. But what will happen when the receipts and the disbursements come closer and closer into balance?

What will happen if there should be a serious depression at some future time when fourteen or fifteen million persons are receiving old-age and survivors insurance benefits, and when millions of workers—actively contributing to the fund—are unemployed?

Where will the Government get the money to continue the insurance payments to the over-65-years-of-age beneficiaries? Will it be able to lay heavier taxes upon a depression-ridden people? Will it proceed upon the assumption that the receipts will just about equal the disbursements? Will it repudiate its honest obligations to our citizens who are over 65?

Certainly the method used in the existing law, and provided for in the pending bill does not provide for such a possibility. The answer lies only in a sounder system.

I say we must work toward such a sounder system. In supporting this bill, we must recognize it for just what it is—no more than a stepping stone on the way to a better law.

The search for a better law should start now—without delay. It is perfectly obvious to all of us that the sounder, better formula is not easy to find. Certainly, no one has managed to find it in the past 15 years, although many expert minds have been focused upon that problem.

There is one thing I should like to submit to the Senate. One of the principal reasons why the Congress is voting a new social-security law is because the benefits provided under the old law have been found insufficient, due to the depreciation of the dollar and its decreased purchasing power. In other words, inflation has hit our dollar, and it is worth only half of what it was worth back in the middle thirties, when the social-security law first went into operation.

As an illustration of what has happened to the dollar consider the fact that a man who purchased a United States saving bond 10 years ago for $100 has not only lost his purchasing power but has also been hit by the depreciation of the dollar.

Mr. President, earlier in my remarks I mentioned that a sound, stable dollar and Government solvency are basically important factors toward a long-term security system. Our national economy and the financial stability of our Government are being tossed and blown about by winds of inflation.

The deplorable old-age insurance benefits receives a fixed, limited income, and he is but one of many classes who suffer, and suffer greatly, under inflation. It brings hardship to all who must live on the income derived from pensions, rents, annuities, savings accounts, and other sources.

The principal cause of the inflation we have today is extravagant spending, excessive taxation, debt, and unsound deficit financing by the Federal Government.

One of the most significant comments on the fiscal policies of the National Government was the statement issued last week by the Joint Congressional Committee on the Economic Report.

The committee urged an immediate termination of deficit spending in times of prosperity and inflation. Let me quote from the statement of the majority party members, under the chairmanship of the distinguished senator from Wyoming (Mr. O'Mahoney). Their comment declared:

A critical examination of the present level of Government expenditures is imperative, in view of the large and growing national debt.

In years of such booming business as currently is causing prices to boil up in inflationary manner throughout the economy, this Government should not be incurring deficits.

It should put its house in order. Inability to raise new appropriations, or vote for increased taxes needed to foot bills this Government now incurs, is a sign of weaknesses that enemies of free enterprise are gleefully exploiting throughout the world. It represents the greatest single danger to freedom and national security.

The statement then goes on to urge "top priority" for reducing the debt in prosperous times.

Mr. President, that statement is dedicated to protecting our entire economy. For, let me say once more, the sound dollar and the Government's living within its means are the master keys to a stable social-security system, to a firm and expanding national economy, and even to protection from alien ideologies designed to conquer. By making us spend ourselves into a condition of weakness and self-destruction, we shall defeat the ends we are now striving to achieve.

Mr. President, let me sound a warning: If we fail to put our house in order, if we do not vote against appropriations, or vote for increased taxes needed to foot bills this Government now incurs, is a sign of weaknesses that enemies of free enterprise are gleefully exploiting throughout the world. It represents the greatest single danger to freedom and national security.

Finally, Mr. President, I should like to sum up some of our objectives, as follows:

First. We must determine how much social security the Nation can afford. We can afford only the amount we can pay for annually. We cannot rely on reversion ever to break on a pay-as-you-go basis.

Second. The plan we adopt must be easy to administer. We cannot entangle the people in too much Government red tape.

Third. As nearly as possible we should have universal coverage. Social security should be a safe and sound investment for the rainy day. It is the result of the efforts of many years.

Fourth. Social security and public assistance must be totally separated.

Fifth. Sound programs operated by subdivisions of Government, churches, and other institutions, should not be disturbed.

Sixth. Careful consideration must be given to pension funds set up by large business concerns, so that they may not place too great a burden on the small businesses or put them at too great a disadvantage.

Government solvency is the foundation of a sound social security. If we continue to endanger the solvency of the United States, and persist on a course which means further depreciation of the purchasing power of the American dollar, we shall defeat the ends we are now striving to achieve.

Mr. CAIN. Mr. President.

M. GEORGE. Mr. President, I yield to the Senator from Washington. Will the Senator kindly indicate how much time he will need?

Mr. CAIN. Approximately 30 minutes. I shall endeavor to conclude within that time.

Mr. GEORGE. I yield 30 minutes to the Senator from Washington.

The VICE PRESIDENT. The Senator from Washington is recognized for 30 minutes.

Mr. CAIN. Mr. President, the time is now hard upon us when we must vote on whether H. R. 6000 is to become the law.

In the few minutes permitted me I desire to read a remarkable letter which I received this morning. The letter is from Mr. George M. V. Brown, administrator of the Pierce County Welfare Department of my own State of Washington, whose office is in my own home city of Tacoma. Mr. Brown has been, is, and I hope will continue to be, a close personal friend of the junior Senator from Washington.

I should like to read this letter and then to read my reply to Mr. Brown, in which I stated the position which the junior Senator from Washington has tried to present, in a reasonable way, during the entire consideration of the pending bill. Mr. Brown's letter reads as follows:

RABBY. I am somewhat shocked and surprised at the reports we are receiving in our local newspapers concerning your attitude toward H. R. 6000 and Senate Report 1669. Your legislation of last year has had a temporary effect on some changes that are contemplated in H. R. 6000 and Senate Report 1669, or any combination of them, is so much ahead of what we have at the present time that they deserve your fullest support. I believe we discussed this matter in some detail a few years ago when we had lunch together, and I know at that time you understood and agreed to the need for these changes. Without boring you with too much detail, please allow me to refresh your memory.

The State old-age-assistance program (a paternalistic type of relief) has flourished by leaps and bounds over the last 15 years. When this program was put into effect, it was the intent that it would be only a temporary measure until such time as the Federal Government could put into effect a pension-insurance program which would be directed to the benefit of those who received benefits. Due to the lethargy on the part of the Federal Government, the old-age and survivors insurance program has been allowed to remain static to the place where returns to its participants are entirely inadequate and the costs have never been increased as was anticipated, and thus a relatively small percentage of the total population is covered by its benefits. As a direct result, the State old-age-assistance program, led by left-wing groups, has flourished in this fertile field of lethargy until...
at the present time, as you well know, the financial stability of the State of Washing-
on is seriously jeopardized. Not only are we serving many people on our State old-age-
assistance program who should be covered by old-age insurance, but we are also finding it necessary to subsidize others, due to the fact that the Federal pro-
gram has not kept pace with the times since approximatly 1938.

In addition to the financial burden which has unnecessarily been placed on this State-
by the above-mentioned inadequacies on the part of old-age and survivor's insurance, the-
resultant increase in State old-age assistance has, therefore, been an unnecessary liber-
ization of State relief programs to persons in other age brackets (aid to dependent chil-
dren, general assistance, etc.).

There are probably many ways that an old-
age and survivor's insurance program could be administered and financed. However, I
think it is ill-advised to suggest the cost and con-
fusion, which any new system would create,
at this time when you and your col-
leagues have not as yet given full enough support to our present legislation to de-
termine whether or not it is either sufficient or workable.

In the interest of the people of the State of Washington, both those who are directly
affected by this program and the taxpayers of this State, I hope that you will reconsider y-
our exceedingly frank letter of June 16.

Those of us in the State of Washington
should be the most interested people in the
United States in this matter since it is my
belief that the whole financial structure of
our State is in more or less jeopardy, de-
pending on how much we are able to handle old-
age and survivors insurance, and to do so
rather than on a pauperizing base directly
paid for by the already overburdened tax-
payers.

Very truly yours,

FICE COUNTY WELFARE DEPARTMENT
Geo. M. V. BROWN, Administrator.

He signed it "George" in a personal
and affectionate way.

The, Mr. George M. V. Brown, the junior Sen-
ator from Washington wishes to respond to
Mr. Brown, of Tacoma, Wash., as
follo ws:

Mr. George M. V. Brown, Administra-
tor, Pierce County Welfare Department
2323 Commerce Street, Tacoma, Wash.

My dear Mr. Brown: Many thanks for
your exceedingly frank letter of June 16.
Much of the information in it only con-
irms what I have long suspected and be-
lieved.

Other portions of the letter, those
urging me to support H. R. 6000, are so
startling that I am moved to write you in
some detail. In this letter I shall re-
iterate to you what I have tried to main-
tain throughout the whole consid-
eration of the bill.

On May 24 last, shortly after H. R.
6000 was reported to the Senate, but be-
fore the committee report on the bill was
available, I introduced a resolution—
Senate Concurrent Resolution 92—call-
ing for a completely independent in-
vestigation and overhauling of our social
security system. I urged that, pending
this investigation, we put aside H. R.
6000, leave the present system where it is,
and pause until we had a clearer idea of
where we are going.

I said then, "If the Nation is willing to
provide for the needs of some of the aged, it ought to be willing to provide

for the needs of all of the aged. It is be-
cause of this conviction that I shall op-
pose the passage of H. R. 6000 as amended
by every legitimate means at my dis-
posal."

That statement I now reaffirm and on
it I still abide.

My earnest appeal for an investi-
gation was not based on any notion that
I was an expert in social security ques-
tions. I made the appeal because others,
who understand these things in far
greater detail than I, had been making a
series of impassioned denunciations of
liberalization of State relief programs to
persons in other age brackets (aid to depen-
dent children, general assistance, etc.).

There are probably many ways that an old-
age and survivor's insurance program could be administered and financed. However, I
think it is ill-advised to suggest the cost and con-
fusion, which any new system would create,
at this time when you and your colleagues
have not as yet given full enough support to our present legislation to de-
termine whether or not it is either sufficient or workable.

I say to you: The United States Con-
gress has supported this legislation for
15 years and has seen the present social
security program grow ever more compli-
cated, capricious, cruel and unjust. How long do you think we should sup-
port it before looking for a better way?

In the statement which I made on
May 30, 1948, in answering criticisms of both the present system and
H. R. 6000 and plan to investigate after-
day, I said that it was a monstrous fraud and
cheat to tell young people, now in their
early working life, that if, under these wretched covered categories they paid
their social-security taxes for the al-
lotted time, they would at retirement age
receive a penn dropped on their heads. The
fraud and the cheat lies in the expansion
of present benefits out of current secu-
ry-tax income, with scarcely a
thought of how the enormously in-
creased benefits would be paid for, in a gen-
eration from now. I said it could only be done with savagely increased taxes or with further depreciated dollars.

I still say that.

Sixth. I said it was a mistake to pass
H. R. 6000 and plan to investigate after-
ward, since the further entrenchment of
the existing system could only make in-
vestigation far more difficult and po-
litically hazardous. I still believe that
to be true.

Seventh. I was at pains to acknowl-
dge the months of work which the Sen-
ate Finance Committee has given to this
bill and many of us who understand that
my strikies were not directed at them
but at the fact that, since the basis of the
bill was fissured with grievous faults,
so the completed bill could not help but
be faulty as well. It is faulty still and
members of the Finance Committee dur-
ing this very debate have pointed out
many of these faults. Why perpetuate the

Eighth. I made no claim to being a
social-security expert and I refused to endorse any new system. But I pointed
out how, increasingly, over the years cul-
isms of both the present system and its
administration have piled up and piling up and how essential it was that an absolutely independent investiga-
tion be made. I did not find fault with the
advisory council set up during the Eighth Congress. Indeed, I acknowled-
ed their public spirit. But I did say that
no thorough-going overhauling can hope to be done unless it has the steady
day-after-day attention of a corps of in-
dependent experts. Indeed, I asked that
enough money be granted out

of its dwindling away had gone with
the wind. You say: "As a direct
result the State old-age assistance pro-
gram led by left-wing groups has been thrashed in this fertile field of lethargy until
at the present time, as you well know,
the financial stability of the State of
Washington is seriously jeopardized." If
you say this I have no fault to

asked that enough money be granted out
I accept wholeheartedly this proposition of having us who work help the old folks who have quit. I stand ready to pay as high a tax as my fellow citizens willing to put such an honest social-security system into operation.

I have refused to support H. R. 6000, not to evade a responsibility, but rather to accept.

No kid stenographer in her first job in Tacoma will ever be able to accuse me of being an accessory to her defrauding when her retirement age finally comes. Officials of the Social Security Administration on the skid road at the foot of Yesler Way in Seattle will be able to accuse me of forgetting his plight. No part-time apple picker in the Yakima and Wenatchee valleys will be able to say that I did not recognize and seek to admit and save his rights.

I repeat, I believe that this bill is a truly disastrous mistake and that if passed, it will surely and bitterly live to regret it.

I say once more: If we are to look after some of our old people, we must look after them all. Let us find a way to do the whole job up year by year, starting every January 1 with a clean slate. If our nation's economy gets pinched, the old folks will be pinched also. No down-and-out logger on the skid road at the foot of Yesler Way in Seattle will be able to accuse me of forgetting his plight. No part-time apple picker in the Yakima and Wenatchee valleys will be able to say that I did not recognize and seek to admit and save his rights.

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I repeat, I believe that this bill is a truly disastrous mistake and that if passed, it will surely and bitterly live to regret it.
manner in which the committee undertook its job of recommending changes in our all-important social security program. Almost without exception, the members of the committee were in accord as to the basic machinery of the social security program, agreeing that it was a tested and proven means of providing a bulwark against poverty for those who face the complete loss of income upon retirement.

The arguments of yesterday that social security would lead to regimentation of our people and plunge us into socialism had no force in the committee's deliberation. The experience of 15 years of operation has so thoroughly discredited such arguments that we heard almost none of them among the committee members.

Instead, Mr. President, the disagreements which came up during the Finance Committee's consideration of the social security bill were confined to questions of the increment of self-supporting retirement: a sudden aging, long for nine other Senators. Briefly, howbeit, I want to address myself first to the question of the major deterrent to extending the welfare benefits that were considered.

Should I like here to say something about this question of cost. As I indicated earlier, it was the intent of the committee that the social security program completely self-supporting through the mechanism of wage-tax contributions. The committee estimated in reporting H. R. 6000 that the level premium costs of the insurance benefits proposed in the bill would, some years hence, amount to 6.15 percent of payroll of those covered by social security. In other words, this would mean that the wage-tax deduction for the employee would finally reach a level somewhat in excess of 3 percent and a similar contribution would be made by the employer.

It is significant here to point out, I believe, the assumption on which the committee based its estimate of a level premium cost amounting to more than 6 percent of payroll. The committee assumed the present levels of economic activity would continue into the future. It assumed there would some day cost 6 percent of the 1950 payroll of employees in covered occupations.

But, Mr. President, I do not agree that our present economic levels represent the high mark of our nation's wealth. I have faith, great faith, in the capacity of America to continue its economic growth. I believe the committee in assuming that payrolls would not continue to rise in a geometric progression to the history of this country. In the past century, for example, the productive output per worker has increased 600 percent. In the past 60 years there has been an increase of 10 percent annually. I believe, Mr. President, that we will continue to see such an expansion here in America. Perhaps our economy has more growth than it has ever seen for its vitality.

I believe we should assume that payrolls will be greatly larger in the future. If we take even the modest assumption that payrolls will increase 2 percent annually, the benefit or pension yearly rise which we have experienced for more than half a century, the level premium rate for the insurance benefits recommended in the Senate bill will not, in fact, amount to 6.15 percent of payroll, by the time all these benefits vest. Instead of 6.15 percent, they would cost only 4.9 percent of payroll, assuming that our economy does grow to the extent of 2 percent yearly in the future.

I think an understanding of this is essential in considering how far we should go at this time in liberalizing the social security program.

If it is true, in fact, that the benefits proposed by the committee will ultimately cost less than 80 percent as much as the committee thought they would cost in its prevailing power and will, then I say, Mr. President, that we should consider seriously the question of liberalizing the present law still further.

In terms of the insurance program, there is another amendment of major importance which should be adopted at this time. In all three of these instances, the House itself took a more liberal position than did the Senate Finance Committee, though I want to make it clear that the Senate bill was, in many respects, more liberal than the House bill, but in other particulars.

I want to address myself first to the question of benefits. I will not develop this in great detail because on Friday of last week I placed in the Record a lengthy statement describing the disability-insurance amendment at the time I submitted it for myself and for nine other Senators. Briefly, however, the question of disability is closely related to that of retirement as a result of old age. Disability is simply a premature retirement, a shutdown of productive activity before it is ordinarily expected, which forces a worker to leave his job and which makes it impossible for him to support himself and his family by any sort of gainful employment. I believe I am correct in saying that the possibility of income loss as a result of a permanent, total disability is one of the most terrifying prospects that lurks uncertainly in the future of anyone. The Senate accepted the disability insurance program when it passed H. R. 6000, and the amendment which I submitted on Friday merely seeks to restore, with a few improvements which I outlined at the time, the disability feature set forth in the House bill.

Two other amendments of prime importance deal with the formula used to calculate retirement benefit payments. The Senate and the Senate Finance Committee have both recommended major changes in the benefit formula which is now the law, and in either instance, the average retirement benefits will be doubled over what they are now. However, the requirement established in 1939, of a $3,000 wage and tax base, means that an employee who earns more than $250 a month contributes to the insurance fund at the rate of $250 of his monthly earnings—and correspondingly, the benefits which he will receive upon retirement are thus limited to a maximum average monthly earning of $250, regardless of his average earnings before.

At the time this $3,000 limitation was placed in the law in 1939, 95 percent of those whom the law covered had yearly earnings less than that amount. The Senate Advisory Council on Social Security, speaking through 15 of its 17 members, recommended that the wage and tax base be advanced to $4,200 to bring it in line with the present high level of wages. The Senate Finance Committee, however, recommended that the present wage base of $3,000 be retained and the House agreed to the figure of $3,600. I believe it imperative that the wage base be increased to $4,200 in order that we may continue to make effective the policy established by Congress in the 1939 social security revisions.

Second, a major amendment to the more liberal benefit formula of the Senate bill deals with the so-called increment—that is, the means by which the benefits available upon retirement would be increased. The number of years an employee has contributed to the pension fund. Under the present law the basic benefit as calculated in the formula is increased by 1 percent for each year the person has worked in covered employment. Under the House bill this increment was reduced to one-half of 1 percent for each year of insurance coverage.

Third, an amendment which I submitted for myself and 12 other Senators takes a compromise position between the present law and the House bill. The Senate bill has no increment factor whatsoever. Under our proposal, benefits would be increased by 1 percent for each year an insured person contributed to the system prior to 1917, and for the years following 1950, the increment rate would be increased to 1 percent. In short, the compromise recognizes the rights of those who contributed to the system during the period the increment was 1 percent, and then reduces the increment in the future. To me it is only reasonable that the benefits available on retirement should
reflect the number of years that an employee contributed to the pension fund. Yet, under the Senate bill, a retired person receives a benefit calculated only on his average wages and it makes no difference whether he has contributed to the system for 3 years, or 40 years, prior to retirement.

At least until we arrive at the point that social security covers every working person, I believe we should recognize the principle that a worker should receive a greater benefit according to the years he has contributed to the system. This has the psychological advantage of encouraging him to remain in covered employment, and it is in line with the sound practices of private industrial pensions where, as a general rule, benefits vary according to the years of service for the company.

Taken together, the three amendments—disability insurance, the increase of the wage base from the present level of $3,000 to $4,200, and the restoration of the increment to the Senate committee recommendations—will add, according to the assumptions of the committee, to future costs, about $6.5 percent of payroll. In other words, the level premium rate of 6.15 percent of payroll estimated by the committee for its own bill would, with these three amendments, come to about 8 percent of payroll.

As I indicated earlier, however, I believe the economy of America will continue to expand in the future and if we use the conservative estimate of a 2 percent average annual increase in payroll, the Senate bill, plus the three amendments I have just discussed, will have a level premium rate of about 6.3 percent, instead of the 8 percent as estimated by the Senate committee's assumption of a static economy in the future.

Since the committee agreed to a level premium rate of 6.15 percent as a reasonable cost for the social-security system, the figure of 6.3 percent is in line with this thinking, and I strongly urge the Senate to put its stamp of approval on the amendments providing disability insurance, the $4,200 wage base, and the increment factor.

I wish to refer generally to other amendments that are pending, which would, in my opinion, further strengthen the many improvements recommended by the Senate committee bill. I have submitted two amendments relating to blind persons—one of which deals with the Federal grants to States for blind pensions, and since I have already issued a statement describing that amendment, I shall not go further into it at this time. My second amendment for the blind restores a provision of the House bill which would cut off Federal grants to States which require blind persons to have more than 1 year of residence to become eligible for blind pensions. In view of the fact that a majority of our States have residence requirements of a year or less, this seems unfair; and the Senate Advisory Council took the position that there should be no time-of-residence requirement at all for the blind.

I endorse in principle the extension of public assistance grants to Puerto Rico and the Virgin Islands. I support the caretaker amendment for dependent children, and believe it to be of utmost importance. I support generally the amendments to liberalize the insurance coverage provisions for salesmen, agents, drivers, and so forth.

Insofar as the portions of the bill dealing with unemployment compensation are concerned, I strongly support the amendment submitted by the Senator from Illinois (Mr. Lucas), and the Senator from Rhode Island (Mr. Green), to provide reinsurance grants to States to enable them to expand their existing unemployment compensation programs. This is not a matter of collecting new taxes for this purpose, but it is simply a question of making full and good use of the entire amount of the Federal unemployment compensation programs.

The junior Senator from California (Mr. Knowland), has submitted to the pending bill an amendment which is, according to his explanation, designed to restore to States the right to operate their unemployment compensation programs without Federal intervention. This amendment, I believe, goes much further in its effect than its supporters contend. Furthermore, the amendment was not considered by the Senate Finance Committee; there have been no hearings upon it; and where a proposal so important as this is brought up more or less at the last minute, I firmly believe we should reject it at this time, and should refer the matter to the Senate Finance Committee for hearings and study, before acting upon it.

In closing, Mr. President, I wish to state once more my belief that in passing the pending social-security bill, we are undertaking one of the most important domestic reforms of recent years. The bill as it passed the House was a good bill. The bill reported by the Senate Finance Committee after the most careful study was a good bill.

There are, as I have indicated in a general way, some improvements which can be made without materially increasing the costs of our retirement insurance and public-assistance programs.

The over-all value in terms of our economy and in terms of the health and livelihood of our people, is immense. No longer do we hear social security attacked as socialistic, and no longer is it referred to as regimentation. It has proven itself. We here, by improving the good which the program is capable of accomplishing, are doing more to promote the economic health of our country and the material security of our people than we can readily imagine.

Our ultimate goal, of course, is universal coverage under social security by use of the self-supporting contributory pension system. The proposals before us, and which we will enact, are a major stride toward that goal—which is, in the final analysis, a prosperous and secure America under an ever-expanding free-enterprise system.

Mr. Millikin obtained the floor.
The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

Mr. SCHOEPPEL. Mr. President, will the Senator from Colorado yield to me for a moment?

Mr. MILLIKIN. Mr. President, I yield 2 minutes to the Senator from Kansas.

Mr. SCHOEPPEL. Mr. President, I sent to the desk an amendment to House bill 6000 which I intend to call up and offer at the appropriate time.

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). The amendment offered by the Senator from Kansas will be received and lie on the table.

Mr. MILLIKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WATKINS. Mr. President, I send to the desk an amendment which I intend to call up later.

The PRESIDING OFFICER. The amendment will be received and lie on the table.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

The VICE PRESIDENT. Under the agreement, the Senate is to begin voting at 4 o'clock. Does the Senator from Georgia wish to be recognized?

Mr. GEORGE. Mr. President, I shall yield to the majority leader, but, first of all, I yield 1 minute to the Senator from Montana.

DISABLED INSURANCE BENEFITS IN PRIVATE RETIREMENT PLANS AND UNDER A FEDERAL PROGRAM

Mr. MURRAY. Mr. President, I ask unanimous consent to insert in the Record at this point a statement which I have had prepared on Disability Insurance Benefits in Private Retirement Plans and Under a Federal Program.

As chairman of the Subcommittee on Labor-Management Relations of the Committee on Labor and Public Welfare, I am deeply interested in the various provisions of collective-bargaining contracts and private plans providing for old-age, disability, and other welfare benefits. In view of the fact that we are going to vote this afternoon on a proposal to include disability insurance benefits under the Social Security Act, the analysis which I have had prepared shows that it would be of great value to management and labor if permanent total disability insurance were included under the Social Security program.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT BY SENATOR MURRAY

In considering the need to restore permanent total disability insurance provisions to H. R. 6000 I have explored the experience of private retirement plans for the light it sheds on the problem we have before us. I can think of no better support for the amendment for permanent and total disability insurance than to point out the most salient facts which emerge from this experience. In brief, we find that the need for economic protection against the risk of permanent total disability has long been recognized in private plans; that many employers have initiated and administered programs in an attempt to cover this risk; that this experience has extended over many years; but that inherent limitations generally preclude private plans from meeting this problem completely and satisfactorily.

No reasonable person has ever failed to be moved by the plight of an old and faithful employee disabled after spending the best part of his working life in the employ of one employer's service. It is no wonder, then, to find that the first retirement plan established by industry in the United States was designed to protect employees of the American Express Co. from the distinction of having set up a plan, in 1875, to provide company-paid benefits for permanently disabled, for insured workers over 65 years of age. That first plan required the worker to have served the company continuously for over 20 years and to be deemed worthy of receiving benefits. This first retirement plan is extremely interesting in that it recognized the relationship between incapacity and old age, a basic retirement issue which is still being debated today. The experience of this amendment, which would add disability benefits to the old-age and survivors insurance program, offers a national solution for the interrelated problem of old-age and permanent and total disability.

The problem of retirement for disability has recently received increased attention with the renewal of the drive for pensions on the part of the unions. Some time ago, Fortune magazine carried the results of a poll made in the spring of 1948 by sociologist C. Wright Mills of Columbia University for the United Auto Workers. The poll revealed that the chief cause of insecurity among auto workers today is not job problems or old-age security—since a basic measure of protection already exists for these. The most common cause of worry for this group of workers was how to support themselves and their families in case of serious incapacitating accident or prolonged sickness, for which adequate protection is still lacking. Most of the newer retirement plans negotiated under collective-bargaining agreements are attempting to remedy this gap in protection, by allowing disabled workers to retire before age 65.

Let us now examine the extent and effectiveness of existing insurance protection under private plans. I have just completed a study of over 200 retirement plans, established or revised in the last 10 years, which provide for the payment of disability insurance benefits. These plans cover establishments employing 3,000-600 workers. Estimates show that this is about one-fourth of the number employed in all the establishments in the country which have retirement plans.

A number of important facts were brought out by this study. First, very few retirement plans are established exclusively for disability retirement. Most retirement plans are essentially designed for old age and allow retirement for disability only incidentally. Some of these retirement plans may have a specific disability clause. The donors and they are in the majority, contain an early retirement option or a vested rights formula under which any covered employee may retire before normal retirement age, provided he meets certain conditions. An employee who becomes disabled may avail himself of these opportunities for early retirement if he meets these conditions.

In the second place, the conditions governing coverage for disability in most plans are such that they exclude a large number of workers employed in the establishments which have such plans. Coverage may be limited to those in certain types of employment, or may be based on amount of earnings, or length of service with the company, or age, or a combination of the latter two—as you will see if you glance at the study prepared by the Social Security Administration.

Thirdly, even if an employee should meet all the requirements for coverage, he may face a new set of hurdles to qualify for benefits when he becomes disabled. Long and continuous service—often of 15 or more years—is usually a required condition for receiving disability benefits. Also, the definition of compensable disability varies from plan to plan. It may be defined as the inability of an employee to be permanently and totally disabled and to have his incapacity certified by a physician. In other plans, the question of disability may be left to the discretion of the employer or his pension board. The disadvantages of such indefinite stipulations are many. For one thing, the employee can have no idea in advance of whether he can expect anything from the plan if he should be disabled. In any event, if his disability is recognized, what benefits he may receive. Even if a disabled employee may wish to take advantage of the early retirement option or of the vested rights provided by some of the plans, the condition of a minimum age—usually 65 for the early retirement option or 60 for disability retirement to the older workers only.

Fourth, the net result of setting requirements for coverage and for eligibility to benefits is that they disqualify many disabled workers from receiving benefits. In the past, the conditions governing coverage for disability in most plans were such that they excluded a large number of workers, and they are in the majority, contain an early retirement option or a vested rights formula. As you will see if you glance at the study prepared by the Social Security Administration.
continuous service to qualify for disability benefits tend to tie down labor. In our dynamic post-industrial economy, such requirements are unrealistic. No individual employer and no single industry can reasonably be expected to continue such employment to the same workers for many years. In fact, the history of the industrial developments of the last two centuries has been one of old industries replaced by new industries and of the movement of industries in search of more favorable conditions for production. Everywhere we have seen the exodus of textile industry from New England to the South, with ghost towns left in its wake. Today we see the same movement to the West, with a real threat to the radio industry. As new industries develop or new enterprises are established, it is not reasonable to expect labor to be able to move about to meet the shifting demands of production. Yet an employee covered by a private retirement plan can seldom carry his rights from employer to employer.

Dr. Clark Kerr, director of the Institute of Industrial Relations at the University of California, in an address before the National Industrial Conference Board on November 22, 1949, describes what he calls the "unfortunate social consequences" of pension plans:

"Private pension plans, except where they provide full and immediate vesting of both the employee's and firm's contributions, are a few of them do, retard such movement. They tend to tie the worker to the company while employed; and, hence, to a company-attached labor pool when unemployed. Even with full vesting, since plans vary, workers can be covered on even hand. By retirement age, if all his employment had been covered by private plans with vesting, he would be drawing income according to the provisions of several different plans. Any one who has moved from one plan to another knows how exasperating this can be."

Although the inflexibility of private plans has been generally recognized, no one as yet has come forward with a workable solution.

The other inherent limitation of private retirement plans is that they cannot be relied upon to assure protection for a risk which may extend over the whole span of an individual's working lifetime. Here we put our finger on what is probably the most serious inherent limitation of private plans, that continued existence may be very precarious. They may be discontinued at any time by their sponsors, or because of economic conditions. Full funding of a pension plan is the only way to assure employee security if the company fails. But this is beyond the means of many firms, particularly small firms which are the majority of all business firms, private disability retirement plans-establishing them, financing them, funding them—are simply prohibitive. Furthermore, spreading the risk of disability over the whole labor force is actuarially unsound.

There are seven risks which require social action, either compulsory or voluntary: Three of these social security risks—old age, dependent survivorship, permanent total disability—must be handled on a broader basis. These are one-time occurrences in the life of a worker. The remaining four—industrial or occupational accident, disability, and medical care—are short-term or current risks. Mr. J. W. Myers, manager of the insurance and social security department of the Standard Oil Co. (New Jersey), who has been administering plans for employee pensions and other types of benefits for over 30 years, has recently commented on the nature of these risks:

"The long-range category comprises non-repetitive risks which involve accumulating liabilities beyond the resources of average individuals and which transcend State lines. Thus they call for themselves to uniform treatment by Federal legislation on the basis of a long-term record of wages or contributions. The short-range risks involve repeated occurrences, and are not subject to the hazards of malingering. These lend themselves more readily to State, community, or voluntary worker-protection programs between employer and employee."

(J. W. Myers, Governmental and Voluntary Programs for Security, Harvard Business Review, March 1950.)

The problem of retirement for long-range risks must be handled on a broader basis. The Federal government has a unique opportunity to meet the long-range needs of the population that necessarily involve long-range commitments. This is the opinion of most thoughtful students of workers' security, whether they come from the ranks of management, labor, or academic life. Dr. Clark Kerr sums up succinctly the reasons why government can best assume these risks:

"The advantages of the Federal insurance system are that it is fully contributory and universal in coverage; it treats like situated persons alike; it permits full mobility of workers and it has adequate financial backing."

The same opinion was recently expressed by Mr. Charles E. Wilson, the president of General Motors, who said: "Adequate Federal insurance based on payroll contributions would seem to be the real answer to the pension problem." And still upon another occasion, he said that Federal pensions "would greatly reduce the pension problem." And still upon another occasion, he said that Federal pensions "would greatly reduce the pension problem."

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ence of such provisions, an examination was made of approximately 275 retirement plans reported by the Bureau of Internal Revenue for that year, 3,000,000 employees because of permanent and total disability. In addition, there were three plans which were especially provided to provide disability benefits.

Thus, there was found a total of service, to be entitled to part or all of the plan's assets accumulated in his behalf out of funds contributed by the employer, or any employee who meets these conditions may avail himself of such an option. For the purpose of this study, only the vested rights provision that permit retirement at age 55 or earlier are considered. There were found 129 such plans.

"Under the vested-rights provision, an employee upon termination of his employment prior to normal retirement age may, under the conditions specified in the plan, resign and be paid the funds contributed by the employer, or any employee who meets these conditions may avail himself of such an option. For the purpose of this study, only the vested rights provision that permit retirement at age 55 or earlier are considered. There were found 129 such plans."

"Nearly all of the plans are unilateral employment, usually by the employers, as well as under collective-bargaining agreements, inclusive of the United Mine Workers, United Automobile Workers (CIO) and the Ford Motor Co. and that of the Bethlehem Steel Corp. recently revised as a result of its collective-agreements negotiations with the United States Steelworkers of America (CIO)."

"While this study is based on a small number of plans, the conclusions to be drawn are especially for the purpose of this study and hence are not necessarily representative, it is estimated that approximately 2,390 insured retirement plans are in operation in the United States. Tentative estimates indicate that these 3,000,000 employees may represent approximately one-fourth of the employees in the establishments having retirement plans.

"The Social Security Administration has been assembling and editing for a long time available information on voluntary retirement plans. It is believed that the characteristics of the plans studied illustrate those generally found in the industrial plans that make some provision for disability benefits. Most of the plans are those of well-known firms or organizations, and of these plans, 600 have received public attention for one reason or another—the inclusion of some special feature, such as the employer, importance of the industry in the economy, intensity of collective-bargaining negotiations, etc. The 60 plans, in particular, are those of firms or organizations that have given a great deal of thought to the problem of disability and have made specific provision for this risk."

"II. SUMMARY OF FINDINGS"

"Only the three special disability benefit plans and the 77 retirement plans with disability benefit provisions can truly be considered as covering the risk of permanent and total disability. In the other 139 retirement plans, employees must rely on the early retirement or vested rights provisions to claim benefits when they become disabled."

"The provisions for disability benefits present no clear-cut pattern. Except for the recently negotiated plans in the steel industry, few of the retirement plans which contain disability provisions are alike. They are generally written in the financial arrangements of the sponsors and the composition of the labor force to be covered.

"The plans of the largest firms or establishments, except for the United Mine Workers welfare and retirement fund which is industrial in origin, are plans of varying size, ranging from a single establishment, with 28 employees to the giant American Telephone & Telegraph Co. with over 650,000 employees."

"Nearly all of the plans are unilateral employer-sponsored plans. That is, they are plans initiated and controlled by the employers. Of the 219 plans, only 17 are the result of collective bargaining agreements between employers and trade unions, or plans originating by the employers and later brought within the scope of collective bargaining agreements."

"Indications are that, as of January 1950, establishments having pension plans employed about 12,000,000 persons, 7,000,000 of whom were covered by plans filed with the Bureau of Internal Revenue which reports that through August 1948, it had processed 13,603,729 retirement-vesting plans, employing about 9,700,000 persons, 3,300,000 of whom were covered at the time of the submission of the data."

"For plans negotiated at the end of the cut-off date of this study and December 1949, see appendix B of the full study."

"In only one plan of the United Mine Workers' welfare and retirement fund, the disability benefit is payable only on the basis of need."

"In contributory plans, upon termination of employment the employee is entitled to the retirement-vested rights plan that he has in the plan and (2) vested rights. Furthermore, in some plans with disability-benefit provisions, an employee who does not qualify for benefits under the disability provision may qualify under the early retirement or vested rights provision. For such plans were found.

"There are 129 such plans, which can truly be considered as making possible retirement on account of disability rather than age. In the other retirement plans, since the disabled employee simply exercises the usual option to retire under the early retirement or vested rights provision that any other employee may exercise, the

"gaining agreements. These plans are designed essentially to cover production workers and hence include a relatively large number of self-employed persons. In plans under collective agreements, the emphasis on specific provisions for disability benefits is quite recent. Employment of such plans is insured plans, that is, they are written under by insurance companies; the rest are self-insured by the employers. Over 60 percent of the plans are financed jointly by the employers and employees and are, therefore, contributory. The rest are noncontributory, financed entirely by the employer."

"In retirement plans, there is no need for separate financing arrangement for disability benefits; the contributions are made for the retirement plan as a whole.

"There is considerably greater proportion of contributory and of self-insured plans than among the other 139 plans as the following table shows:

Distribution of 219 plans, by method of underwriting and of financing

<table>
<thead>
<tr>
<th>Method of underwriting</th>
<th>All plans</th>
<th>Specific early retirement or vested rights provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured</td>
<td>115</td>
<td>27</td>
</tr>
<tr>
<td>Noncontributory</td>
<td>60</td>
<td>17</td>
</tr>
<tr>
<td>Self-insured</td>
<td>44</td>
<td>6</td>
</tr>
<tr>
<td>Noncontributory</td>
<td>57</td>
<td>9</td>
</tr>
</tbody>
</table>

*Including 2 plans with both contributory and noncontributory features.

*Includes 1 plan with both contributory and noncontributory features.

*Most plans restrict coverage to certain employees by imposing requirements on the basis of employment classification, earnings, service, and age. The last two are the most frequent. In over one-third of the plans age and service are the requirement; only a small proportion of the plans do not stipulate either age or service requirements for coverage.

*Having met the requirements for coverage in a plan, an employee who becomes disabled must meet another set of requirements in order to qualify for benefit. First, the disability must be of a type covered under the plan; second, the disabled employee may be required to have served a specified period of time; third, he may have to be a certain age or under a certain age; or, fourth, he must meet the double condition of age and service. The question of determination of disability is important only with respect to the 80 plans with specific disability benefit provisions. These provisions are designed to make possible retirement on account of disability rather than age. In the other retirement plans, since the disabled employee simply exercises the usual option to retire under the early retirement or vested rights provision that any other employee may exercise, the

"Such plans as those of the Amalgamated Clothing Workers (men's clothing industry) and of the International Ladies Garment Workmen (cloak and suit industry in New York City) are typical of the following reasons. The former makes no provision for benefits to disabled workers other than those of the benefits at the time of the usual retirement plan, or later; the latter does not provide for the retirement of disabled workers before age 60."
question of whether or not he is in fact disab-
abled does not exist.

In many plans, specific disability ben-
efit provisions a fairly long service require-
ment is more frequently found because of the
unemployment risk. Where these provisions are designed. The other re-
tirement plans merely give the disabled em-
ployee the option to retire at an earlier age.
The important factor in these plans is the
attainment of a certain age, usually 55, be-
fore a disabled employee canavail himself of
the early retirement provisions. The benefit formulas found in the plans vary greatly. Generally they provide for a spec-
ified percentage of average monthly earnings
from plan to plan. Since a dis-
abled worker usually retires many years be-
fore reaching normal retirement age it fol-

dows that, under these formulas, the benefits
are low.

There were also found some plans that pro-
vided for a reduction in benefits when the
disabled retired worker qualifies for old-age
benefits under the Social Security Act.

I. PLANS WITH DISABILITY-BENEFIT PROVISIONS

In general, the 80 plans with disability-
benefit provisions make the attainment of
a certain age, usually 55, required as a con-
dition for coverage. Since a disabled em-
ployee must reach a certain age, generally
55 years or older, before he can be covered.
Service is more frequently specified than age.

“Furthemore, to be entitled to benefits, the
disabled employee must also have served his
employer for a specified number of years, reach-
ing the 2,500 employees, however, are covered under these plans. Plan
years of service, who are under a certain
years or older. The age when specified, is of the plans studied. Even if the employee is
usually 55 years.

Having met these requirements, the dis-
abled employee does not qualify for benefits
until the completion of a waiting period and cer-

ification by a physician, or the board of trustees. The determination may be left enti-
tirely to the time when the disabled em-
ployee applies for benefits; or some combina-
tion of these conditions may be found. Thus, the concept of disability may be (a)
very vague, with no apparent criteria and leaving
the final determination to the discretion of the
administrator of the plan; (b) inability to work, without defining the disability; (c) inability to work, defined in terms of per-
formance of the job, or a job within the re-

quiring medical certification; or (e) per-

manent and total disability established after
the completion of the waiting period and certi-
fied by a physician.

“Many of the plans attempt to offset the
reduction in benefits by providing an increase
from the application of the usual retirement-benefit formula for employees who retire premu-

tury on account of disability. This is done by using the average earnings at the time of
flat amounts, waiver of the age of applicant
for benefits. Nevertheless, the application of
the benefit formula results generally in rela-
tively small payments.

“For 53 of the 80 plans, where it has been
equally possible to estimate benefit amounts, it was found that with 10 years of service and monthly
average earnings of $200 or $250, 55 percent
of these plans would pay no benefits to a

employed worker with a specified period of time, generally 5

The plans of the American Tele-
phone & Telegraph Co. and of the United

ings for each year of service. Since a

disabled employee must also, have served
his employer for a specified number of years,

the benefit formula results generally in rela-
tively small payments.

“Having met these requirements, the dis-
abled employee does not qualify for benefits
unless he is adjudged totally and permanently
disabled by a physician, or the board of trustees. The determination may be left enti-
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for benefits. Nevertheless, the application of
the benefit formula results generally in rela-
tively small payments.

“For 53 of the 80 plans, where it has been

This discretionary power may at times operate to the advantage of the disabled employee, but, on the whole, it may work to his disadvantage. In other words, even though an employee may be covered he cannot know the chances of the safety or coverage of the protection available to him in case of disability.

The cumulative effect of all the above limitations on coverage and on entitlement to benefits, together with the very fluid concept of disability used in these plans is that large proportions of disabled workers do not receive benefits.

Another real limitation of these 80 plans is first, that benefits are payable, unless not generally provide any significant replacement of former earnings. For the employee disabled after 10 years of service and with average monthly earnings of $250, only about one-fourth of these plans would pay $25 or more, representing the replacement of 10 percent of former earnings after 35 and 36 percent, respectively. The responding figures for the steel industry employed wages for the 49,000,000 workers who earned taxable disability.

The stringent eligibility requirements for disability benefits in the plans that provide specific provisions for disability retirement. The stringent eligibility requirements for disability benefits in the plans that provide specific provisions for disability retirement, may be justified on the assumption that the employees will have a vested interest in the continuing health of the company. This assumption, however, has certain disadvantages which stem from more fundamental considerations than the structural limitations mentioned above. These are the inherent limitations which are common to all private pension plans. Mobility of labor between industries and between employers within industries is characteristic of the present day labor force. * Private pension plans generally have not been able to devise a satisfactory solution for the normal movement of labor from place to place and from one job to another, an employee covered can seldom carry his protection with him from employer to employer. Moreover, the stability of the plans may be uncertain because they can be discontinued, or they may not survive changing economic and industrial conditions.

These plans do not provide a measure of security only for a minority of workers, but do assure basic protection to the average working man - although the certain of coverage during the greater part of his working life.

Mr. MURRAY. Mr. President, one of the proposals on which we are going to vote this afternoon is the resolution submitted by the Senator from Georgia [Mr. George] and the Senator from Colorado [Mr. Millikin] providing for a further study of social security. I am supporting this resolution because I believe that the number of important improvements which should be made in our social-security program, and which are not contained in H. R. 6000.

I should like to point out, however, that a great deal of propaganda is being spread in opposition to the George-Millikin resolution. I ask unanimous consent to insert in the Record at the conclusion of my remarks, a statement issued by Mrs. Marjorie Shearion, in which she opposes the George-Millikin resolution because, as she says, the “Finance Committee is no good.” I know that Senators will not place any reliance whatsoever on the unfounded criticisms which Mrs. Shearion is making of the Finance Committee.

The members of the Finance Committee are to be highly congratulated for the fine job that they have done in improving the social-security program.

Mrs. Shearion also asks Senators to vote against the proposed amendment for permanent and total disability Insurance because, as she says, “Senators don’t know what they are talking about.” This attack is based on the proposition that Senators on both sides of the aisle are in my opinion unjustified. I know that members of the Finance Committee have given very careful consideration to all proposals, and I know that there are various members of the Finance Committee who are supporting the amendment for permanent and total disability Insurance.

I trust that Senators will vote both for the resolution to give further study to social security and also to include permanent and total disability insurance despite the reckless and false charges made in this propaganda sheet.


*The wage records of the Bureau of Old-Age and Survivors Insurance show that for the 49,000,000 workers who earned taxable wages in covered employment at some time during 1947, 33 percent worked for more than one employer and 20 percent were employed in more than one industry. The corresponding figures for the steel industry were 38 and 36 percent, respectively. In the automobile industry, 46 percent of all work-
The long-range plan to meet the continuing problem of dependency during old age was the contributory old-age insurance program. The plan was based upon the theory that the charity approach could be eliminated over the years by giving workers an opportunity to contribute to a system which would in turn pay benefits to the aged who might otherwise be dependent. Under this system, benefit payments are directly related to prior wages and to the individual ability and initiative of the beneficiary. This approach is sound, not only from the viewpoint of meeting the national problem involved but also in recognizing the principles of private initiative basic to our economic system.

At that time, as a freshman Representative from Illinois, I was keenly aware of the suffering and want of millions of our older citizens who could no longer completely support themselves. I realized, as so many other Members of Congress realized, that the poorhouse and the pauper's oath were degrading for the aged and out of place in a country where the resources of America. For these reasons, I voted for the Social Security Act of 1935.

I have been in Congress since that time and have seen this program develop. In 1939 I supported amendments which brought farm workers into the operation of the Old-Age Insurance System so that benefits were provided for the surviving wife and children of a covered worker. The old-age and survivors insurance program was amended in 1940 by providing that insurance benefits were provided for the survivors of World War II veterans who died within 3 years after their discharge from the Armed Forces. This was an important recognition for the veterans who were denied continued coverage under the social-insurance program because they were temporarily in the Armed Forces.

The bill now before the Senate was carefully prepared to improve the system in line with the recommendations of the Advisory Council of the Eightieth Congress after extensive hearings before the Committee on Ways and Means of the House of Representatives in 1949 and the Senate Finance Committee in 1950.

These improvements are concerned primarily with extending the coverage under this contributory system, liberalizing the benefits, and relaxing the requirements for eligibility so that more of the aged may be brought under this system in the near future. I would like to dwell briefly on the improvements in some detail in order to explain precisely what they mean to millions of the aged in this country as well as to innumerable Negro workers and their families.

So long as we have both an insurance and a charity system operating side by side, we are faced with a basic question of deciding to what extent the coverage under the contributory system may be broader to provide benefits for more and more of the aged. Both questions of policy and administration have operated to limit extensions of coverage in the past. I recall quite well the arguments of many Representatives and Senators that the limited coverage provisions enacted in the 1930's created an unsatisfactory administrative problem.

Through the years, however, administrative techniques have been developed which make the problems of extending coverage less difficult. This extension of coverage is the most essential factor in developing a sound social-security system. If this system is to meet the national problem of dependency in old age, it must be available to everyone faced with the risk of dependence in old age. To make coverage in this respect is one of the most important improvements in this respect. An additional 10,000,000 persons will now be brought under this program. Two of these groups which will now be covered under the old-age and survivors insurance system for the first time are the non-farm self-employed, and certain agricultural workers.

It has long been apparent that the self-employed as well as the other group, need the protection offered by such an insurance system. This group is comprised of the operators of the bulk of the small business enterprises which are such an important factor in the American economy. These people more than any others take the risks of a free-enterprise system. They risk not only their capital but also their time and labor. They need the protection that they be given some protection against dependence in old age.

One of the tendencies which has concerned me since the social-security program was first inaugurated is the manner in which the protection has been concentrated in urban areas. Statistics have shown that dependence in old age is a very great problem among rural farm workers. So long as this group of workers is not covered under the old-age and survivors insurance program their dependence in old age can be met only through charity-type assistance payments. For workers and employees in the large groups and city dwellers is just as important in this aspect of Government activity as in any other, and equal treatment can be obtained only by the coverage of farm workers.

A huge administrative problem is immediately presented by any plan intended to cover these workers. For the migratory, seasonal, or part-time farm worker, no easy method of collecting the tax has been devised.

The committee bill, however, makes real progress in covering many farm workers through the first time. Under the committee bill, a person now 65 years of age or older can qualify for benefits at age 65 with a minimum of six quarters, or a year and a half, of coverage. In order to meet these requirements, years of service and wage credits earned prior to 1950 may be used. This is an essential feature in the improvement of the contributory system. It means that an additional 700,000 persons will be eligible under this program when the bill is enacted. It also means that many more older workers will be able to become financially independent from the charity system within the next few years.

However, in addition to these major improvements which the Senate Finance Committee has made in the social-security program, there are other features of this system which should also be improved. Amendments have been introduced which I consider would add immeasurably to the soundness of this entire system.
I urge the Senate to give serious consideration to some major improvements in the social-security program which were proposed in the House-passed bill but omitted by the Senate committee. These include the raising of the maximum-wage base for tax and benefit purposes; the provision for an increment of one percent of the primary benefit amount for each year of coverage, and the principle of benefit payments to covered employees who become totally and permanently disabled.

Under the contributory insurance system, the earnings of all covered employees are not considered for tax or benefit purposes. If they were, a few high-salaried employees would be forced to make large contributions and would receive inordinately high benefits. Instead, under existing law, only the first $3,000 of annual wages are considered for tax and benefit purposes.

In 1939 this $3,000 wage base meant that 25 percent of about 95 percent of the workers covered by the contributory insurance system were included for tax and benefit purposes. Today almost 40 percent of covered workers earn more than $3,000.

To me it seems to indicate that some upward adjustment in the wage base is necessary. It is interesting to note that the advisory council of the previous Congress recommended to make a partial adjustment for this change in wage levels the maximum annual wage considered for tax and benefit purposes should be raised to $4,200 a year. It seems to me that the adjustment made in the House bill is the least that should be done.

I have joined in sponsoring an amendment raising the wage base to $4,200 because I am convinced, as were the members of the Advisory Council, that this adjustment is essential to give some recognition to the increase in wage levels during the last 10 years.

When I speak of the Advisory Council, I am speaking of the Council which was appointed during the Eightieth Congress under the distinguished chairman of the Finance Committee at that time, Mr. Millikin.

Under the existing law, for each year that a worker is covered by the old-age and survivors insurance system, he receives an increase of 1 percent in his primary benefit amount. This is known as the increment factor. In the House-approved bill the factor was decreased to one-half of 1 percent.

Despite the fact that the increment factor was reduced, it is still an important part of a contributory insurance system in which the benefits are related to wage credits. It seems to me that this gives an important recognition to the fact that the person who contributes more should receive more in benefits. Without it, the benefits tend to flatten out. Under the committee bill two persons with the same average monthly wage will receive the same benefit amount, even though one has contributed to the system for a much longer period of years.

Because I believe a reasonable increment factor is essential to preserve individual incentive, I intend actively to support and vote for an amendment to restore this important provision to the social-security system.

The House of Representatives also included provisions from the payment of benefits to covered employees who have become totally and permanently disabled. These provisions were in line with the recommendations of the Advisory Council of the Eightieth Congress. On page 69 of the report of the Advisory Council, it is stated:

"Income loss from permanent and total disability is a major economic hazard to which, like old age, a large number of workers are exposed. The Advisory Council believes that the time has come to extend the Nation's social-insurance system to afford protection against this loss. There can be no question concerning the need for such protection."

These are the words of the Advisory Council of the Eightieth Congress appointed by the Finance Committee then under the chairmanship of the Senator from Colorado [Mr. Millikin].

I have been much concerned over these provisions because I realize that administration of this kind of a program will be very great. However, I do not believe that those difficulties should be insurmountable. These clauses have been administered in all other Federal retirement plans, in the Railroad Retirement System, and in many State and private pension plans. I believe that the principle of total and permanent disability benefits should not be lost.

In addition to these amendments concerned with the old-age and survivors insurance system, there are other parts of the social-security program which should be improved.

Another amendment which I have introduced provides for assistance to the caretaker of dependent children. Under the assistance program, the use of Federal funds to help finance State-administered child welfare programs providing benefits for dependent children. These are children who are in need and one or more of whose parents are employed but do not have enough earnings to support their families. We discovered that in order to sustain any kind of system it was essential to introduce a provision to cover these children.

To me this does not seem practical or sensible. If assistance is to be provided for dependent children, it should be done in such a way that the home available to them may be kept intact. It seems to me that this can be done only by providing assistance for the mother or relative with whom the children are staying so that a proper home may be provided.

The amendment I have introduced will allow the use of Federal funds to match State funds used for assistance payments for this parent or relative.

I have gone into some detail on many of these provisions; but such detail seems necessary in relating this complex program to the problems of the millions of people vitally concerned with it. I have long had the conviction that the Social Security Act of 1935 was one of the more important measures I have been privileged to work on in Congress. It gives me a great deal of satisfaction to support and vote for this Social Security Act of 1950, together with some liberalizing amendments, because this measure will revitalize the Social Security System so that it will be of real aid to millions of Americans.

The VICE PRESIDENT. The hour of 4 o'clock having arrived, the question is on agreeing to the resolution (S. Res. 309) offered by the Senator from Georgia [Mr. George] and the Senator from Colorado [Mr. Millikin]. Only 5 minutes’ debate is in order.

Mr. MILLIKIN. Mr. President, the Committee on Finance started its hearings on this subject on January 11th, and concluded the hearings at the end of March. It then went to work in executive session and employed itself for several weeks in considering various aspects of this subject and reached the conclusion that it will be of real aid to millions of Americans.
relationship between them were ques-
tions which were not studied, and we felt studies should be made of that subject.

Under this resolution the Senate Com-
mittee on Finance will be able to assign different subjects for study than those I have mentioned. The committee is given great flexibility and great responsi-
bility in relation to the entire subject.

I hope the resolution will be agreed to.

Mr. PEPPER. I am not opposed to it, but I wish to propound an inquiry to the chairman of the Committee on Finance, if I may.

Mr. GEORGE. I shall be glad to yield to the Senator, if I have the time to yield.

Mr. PEPPER. As the able chairman of the committee knows, very many earnest citizens have believed for many years that we would eventually come to the adoption of the universal system of pensions of old age, means and currently financed, called the Townsend plan. Dr. Townsend, a very distin-
guished American, has for many years given of himself unstintingly to the ad-
vocacy of such a system. The distin-
guished chairman of the committee and his associates permitted Dr. Townsend and others, including several Senators, of whom I was one, to appear before the committee. The hearings were then in progress, and to propound that measure to the committee.

The committee has not seen fit to adopt that alternative approach to the problem of security. I am gratified to know that if the Senate adopts the resolution there will be a continuing study of this vital subject. We all feel that the committee has something like a universal coverage, current in payment and something like adequate in amount, for the senior citizens of the country.

The inquiry I wish to propound to the distinguished chairman of the com-
mittee is whether those who are the earnest advocates of the general prin-
ciple of the so-called Townsend plan may anticipate that the distinguished committee, which will continue its study, will specifically include a study of the merit and proposals and principles of the Townsend plan.

Mr. GEORGE. I think I may answer without qualification in the affirmative that the committee will give whatever time is authorized to accept.

Mr. PEPPER. I can answer in the affirmative. I can make that positive statement so far as I am con-
cerned.

Mr. PEPPER. I thank the distin-
guished chairman of the committee. In view of his assurance, which I am very gratified to have given, I shall not call up the amendment which is lying on the desk at this time.

The VICE PRESIDENT. The resolu-
tion is open to amendment.

Mr. PEPPER. Mr. President, will the Senator from Colorado yield for a simple inquiry?

Mr. MILLIKIN. Yes.

Mr. PEPPER. I wish to make the same inquiry of the Senator, because we all know the interest in this subject of the able Senator from Colorado, who is a co-author of the pending resolution. Can the Senator give the same affirma-
tion which the distinguished chairman of the committee has given with reference to the committee?

Mr. MILLIKIN. I am glad to give the same affirmation. The pending resol-
ution includes a paragraph which is ample for the purpose, and I am sure that all members of the Committee on Finance will give very careful con-
ideration to anything which those fa-
voring the Townsend plan may wish to propose to the committee.

Mr. ROBERTSON. Mr. President, I hope the Senator from Colorado will give me the assurance that he does not in-
tend to take up much time on the Town-
send plan.

Mr. MILLIKIN. I shall not give that assurance to the Senator. I think the committee will give whatever time is necessary to thoroughly probe into any proposal which is offered to the com-
mittee.

The VICE PRESIDENT. The ques-
tion is on agreeing to the resolution of-
fered by the Senator from Georgia (Mr. CROCKET) and the Senator from Colorado (Mr. MILLIKIN).

The resolution was agreed to.

The VICE PRESIDENT. The ques-
tion is on agreeing to the amendment of-
fered by the Senator from Illinois (Mr. MILLIKIN) and the Senator from Colorado (Mr. MILLIKIN).

The amendment was agreed to.

The VICE PRESIDENT. The ques-
tion is on agreeing to the amendment of-
the amendment of Mr. DOUGLAS

Mr. MILLIKIN. Mr. President, may we have a description of the amend-
ment?

The VICE PRESIDENT. The ques-
tion is on agreeing to the amendment offered by the Senator from Illinois, which the Senator from Georgia, as chairman of the committee, has said he is authorized to accept.

Mr. MILLIKIN. It has not been de-
scribed, so we do not know how to place it.

The VICE PRESIDENT. It was stated when offered, and is the pending ques-
tion. It is lettered "J."

Mr. GEORGE. It is the amendment lettered "J. It was offered by the distin-
guished Senators from Illinois (Mr. LUCAS and Mr. DOUGLAS), the Senator from Alabama (Mr. HILL), the Senators from New York (Mr. IVS and Mr. LEX-
MAN), the Senators from Massachusetts (Mr. FOSTER and Mr. LODGE) and the Senator from Ohio (Mr. TAFT).

Mr. FLANDERS. Mr. President, may not the amendment be distributed?

The VICE PRESIDENT. It has been distributed, and has been placed today on every Senator's desk.

Mr. FLANDERS. It has not been placed on all the desks.

Mr. GEORGE. Mr. President, the amendment provides for the compulsory old-age and survivors insurance for all present and future employees of any transportation system any part of which is taken over by a State or local government at any time after 1936. I think it is a subject with which the Senate Fi-

Mr. TAFT. Mr. President, will the amendment yield?

Mr. MILLIKIN. I yield.

Mr. TAFT. My name is on the amend-
ment, but I should like to call the atten-
tion of the Senate to the fact that in my opinion the amendment is broader than is any of the other amendments. It is broader than might be agreed to in conference. I quite agree that we should cover street railway companies which were formerly under the system and which have been taken over by the States. The amendment goes somewhat further, and covers any activity which is subject to taxation, that is, any activity whatever, such as an
Mr. L. unions in my State are asking for this amendment in its present form, because they desire to be covered should be approved.

Yesterday I introduced in the Raccoon a letter from Mr. Michael Quill to this effect. I do not think it is necessary for me to repeat in detail the argument I made earlier in the Senate as to why I urge that the pending amendment covering this special group, who urgently wish to be covered, should be approved.

Mr. LODGE. Mr. President, I ask to have printed at this point in the Record a brief statement which I have prepared on the pending amendment.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT ON TRANSIT EMPLOYEES BY SENATOR LODGE

Mr. President, as one of the sponsors of the pending amendment, I wish to say that I have read with great interest the provision for coverage of transit employees is a matter of great importance for a very large number of Massachusetts citizens. Last year, I filed a bill, S. 1608, the purpose of which was similar to the pending amendment and I believe that approval of this proposal amounts to an act of simple justice.

Principally affected in Massachusetts will be some 6,000 employees of the metropolitan transit employees, who were originally employees of the Boston Elevated Railway Co. prior to August 1947. The Boston Elevated Railway Co. was owned company, and its employees were covered by the old-age and survivors insurance provisions of the Social Security Act. In 1947 this company was acquired by the metropolitan transit authority, an instrumentality of the Commonwealth of Massachusetts, which presently operates subway, rapid transit, and bus service in Boston and vicinity.

The result of this change in ownership was to deprive the employees of the full benefits of the Social Security Act. These employees should not be discriminated against because their employment ceased to be for a public authority. The pending amendment meets this problem in a satisfactory way. This fact is confirmed, insofar as Massachusetts is concerned, by the fact that a large number of public officials of the Commonwealth of Massachusetts approve this proposal.

I offer for the Record herewith a brief memorandum submitted by representatives of the association in further explanation of the amendment:

MEMORANDUM ON STATUS OF TRANSIT WORKERS OF TRANSPORTATION SYSTEMS PUBLICLY ACQUIRED AFTER PROPOSED AMENDMENTS TO THE SOCIAL SECURITY ACT

(Submitted by Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, AFL)

Mr. A. L. Spradling, its president; Mr. O. David Zimring, its chief counsel; and Mr. Joseph F. Fadden, its general counsel, testified before the Senate Finance Committee at the hearing held on August 27, 1947, on this amendment, and I should like to quote a portion of their statement as follows:

The Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, AFL, is the dominant labor organization in the field of mass transportation of public employees of motor bus or streetcar. The membership of that organization is desirous of rectifying certain injustices which have resulted from a lack of coverage under the existing Social Security Act on the part of the employees of mass transportation systems transferred from private operation to public operation.

During the last decade municipal public authorities have acquired and are operating some of our large mass transportation systems. Among such systems are San Francisco, Cleveland, Chicgo, and Boston. In addition, New York City has recently acquired from private operating companies a very large portion of its present municipal operations. There are a number of smaller cities, such as Springfield, Mass., which are in this same category. Approximately 50,000 of our members are employed in mass transportation systems which have already been acquired by municipalities and public authorities. As a result of the change to public operation, such employees have lost all or a large part of their benefits under the Social Security Act.
“Under the existing Social Security Act, fully insured status may be obtained by employees of public transportation systems from private companies on public transportation systems. The public transportation systems have been paid $50 or more in covered employment and at least half the number of calendar quarters as there are between January 1, 1937, when the public transportation system began, and the quarter when the employee becomes 65 or dies. The acquisition of 40 quarters of coverage makes a worker fully insured. If an employee has had 40 quarters of coverage prior to the transfer of a public operation to public ownership, he will be fully insured and will be entitled to receive benefits at age 65, such benefits will be seri­ously reduced during the period of public ownership, since the wage in the section of 209 (a) of the act, will no longer be earned by them. Thus even employees who are already fully insured under the act will receive greatly reduced benefits.

The Senate Committee on Finance has eliminated the provisions of the House bill which sought to deal with this problem, but which did so inadequately. The committee has failed to deal with this problem, but which did so inadequately. The committee has failed to deal with the problem of loss of coverage for transit workers, may be summarized as follows:

1. No assurance is afforded employees transferred to public ownership that they will receive full protection, since section 210 (a) of the act, which provides for a transition period, does not permit any political subdivision operating a transit system to exclude its employees from the coverage of the act. The simple process of filing a statement with the Commissioner of Internal Revenue to the effect that coverage is not designed for employees who become such employers through the transfer of a public transportation system by the political subdivision.

2. Further inequities are created by the requirement that the employees of a privately operated system acquire full protection, and prior to the transfer of an operation, it fails to protect employees hired after the beginning of public operation. For example, employees of the Chicago Transit Authority who were employees of Chicago Transit Authority when public operation began, would be covered. Employees of the Chicago Transit Authority who are covered under the Social Security Act.

3. Inequities created by loss of coverage under the act, and are being deprived of the benefits of such protection. The committee's proposals would afford no protection to many groups of employees hitherto not covered by the law, the benefits of the social security program. Our amendment does no more express the desire to be covered by the social security system. Other pension plans are frequently inadequate and serve as no

The amendment was agreed to.

The amendment would remedy a wholly inequitable situation. This amendment would be in the act, and are being deprived of the benefits of such protection. The committee's proposals would afford no protection to many groups of employees hitherto not covered by the Social Security Act.

The amendment was agreed to.

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Further comments by Senator DOUGLAS
I have likewise had numerous appeals not only from Mr. Sprading, president of the association, but also from many other divi­sions of the organization which have helped to make clear the full facts of the situation.

The following message from Chicago lead­ers of the Association of Independent Funeral Directors, and I wish now to offer them.

Mr. MILLIKIN, Mr. President, I hope that the amendment may be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by Mr. Millikin. The amendment was agreed to.

The VICE PRESIDENT. The amendment was agreed to.

The VICE PRESIDENT. The amendment would be

The amendment was agreed to.

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The VICE PRESIDENT. The question is on agreeing to the amendment offered by Mr. Millikin. The amendment was agreed to.

The VICE PRESIDENT. The amendment would be

The amendment was agreed to.
THE LEGISLATIVE CLERK. On page 255, line 22, it is proposed to strike out the word "or."

On page 255, line 23, after the semicolon, insert the word "or."

On page 255, between lines 23 and 24, to insert the following:

"(C) as a traveling or city salesman engaged upon a full-time basis in the solicitation on behalf of the enterprise of orders for wholesale outside salesmen from defini-

RECORD, as follows:"

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT BY SENATOR LEHMAN

Mr. President, I also have an amendment discussed before this Committee it is proposed, on behalf of the Committee it is proposed, to strike out the word "or."

There is no sound reason for the exclusion of wholesale outside salesmen from definition under the old-age and survivors insurance program. This group of employees, whatever the common law or contractual relationship.

The situation today is loose and untidy as a result of the Gehrhardt resolution and of the prevailing practice of letting the employer decide whether the salesman is an employee or is self-employed.

This situation should be clarified. These salesmen should be included as employees.

I hope the amendment will be approved.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I will, just as soon as I offer another amendment.

By authority of the Senate Finance Committee I now offer an amendment which raises the wage base from $3,000 to $3,600. I do not believe it is necessary to read it, because it is in technical terms, and I think the entire Senate understands it. In the original bill as reported the wage base was fixed at $3,000, which is the present rate. The amendment raises it to $3,600,

The amendment offered by Mr. GEORGE is as follows:

On page 237, line 18, strike out "$3,000" and insert in lieu thereof "$3,600."

On page 266, line 5, strike out "$6,000" and insert in lieu thereof "$3,600."

On page 263, line 25, strike out "$3,000" and insert in lieu thereof "$3,600."

On page 267, line 5, strike out "$150" and insert in lieu thereof "$3,600."

On page 273, line 21, strike out "$3,000" and insert in lieu thereof "$3,600."

On page 281, line 3, strike out "$3,000" and insert in lieu thereof "$3,600."

On page 316, line 17, strike out "$3,000" and insert in lieu thereof "$3,600."

On page 317, line 7, strike out "$3,000" and insert in lieu thereof "$3,600."

On page 318, between lines 14 and 15, insert the following:

"(i) orders from retail merchants for mer-

On page 320, line 7, strike out "$3,000" and insert in lieu thereof "$3,600."

By authority of the Senate Finance Committee I now offer an amendment which raises the wage base from $3,000 to $3,600.

Mr. WHERRY. Mr. President, I did not hear the announcement that the amendment was agreed to.

The VICE PRESIDENT. The Chair announced as loudly as he could that the amendment had been agreed to.

Mr. WHERRY. The Senator from Nebraska did not hear the announcement. I did not hear the decision of the Chair.

The VICE PRESIDENT. The Senator from Illinois started to ask the Senator from Georgia to yield to him simultaneously with the Chair's announcement that the amendment had been agreed to.

Mr. DOUGLAS. Mr. President, I merely wanted to ask for the sake of the Record if I am correct in my understanding that the amendment which was offered by the distinguished Senator from Georgia was designed to include house-to-house salesmen selling directly to consumers.

Mr. GEORGE. It does not include such salesmen.

Mr. DOUGLAS. And therefore excludes them?

Mr. GEORGE. And therefore excludes them so far as this specific definition is concerned.

Mr. MYERS. Mr. President, I offer an amendment to the amendment offered by the Senator from Georgia by authority of the committee, to strike out the amount "$3,600. wherever it occurs, and substitute therefor "$4,200."

The VICE PRESIDENT. The Secretary will state the amendment.

The VICE PRESIDENT. The amendment offered by Mr. GEORGE on behalf of the committee it is proposed to strike out "$3,600 wherever that figure occurs, and insert in lieu thereof "$4,200."

The VICE PRESIDENT. The Senator from Pennsylvania is recognized for 5 minutes.

Mr. MYERS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MYERS. Is the Senator from Georgia also entitled to 5 minutes? Is the Senator from Georgia entitled in all to 10 minutes on his amendment and my amendment thereto, and am I entitled to 10 minutes on the committee amendment and my amendment thereto?

The VICE PRESIDENT. The amendment offered by Mr. DOUGLAS. And therefore excludes them?

The VICE PRESIDENT. The Senator from Pennsylvania is recognized for 5 minutes.

Mr. MYERS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MYERS. Is the Senator from Georgia also entitled to 5 minutes? Is the Senator from Georgia entitled in all to 10 minutes on his amendment and my amendment thereto, and am I entitled to 10 minutes on the committee amendment and my amendment thereto?
Into the law by the 1939 provisions of the Social Security Act. In that period 95 percent of those covered by the law earned less than $3,000 a year. It was the intention of Congress to permit the overwhelming majority of the covered workers to receive benefits calculated on the basis of their full earnings.

The Senate Advisory Council on Social Security, speaking through 15 of its 17 members, recommended that the tax and wage base be advanced to $4,200 in order to restore the intent of Congress as set forth in the 1939. The Senate Finance Committee until today did not recommend any change in the existing $3,000 limitation. Thus, a worker whose earnings exceed $3,000 a year—in other words, we can break down and destroy a great program if we follow that course. Now it is perfectly obvious that a tax which begins at 1 1/2 percent upon the worker and the employer each, and which increases up over 6 percent upon payrolls, becomes a very heavy tax, especially if the wage base is raised higher. There is an additional $600 to which this tax will apply very heavy tax, especially if the wage with which he receives for the first $1,200 of his wage.

Mr. MYERS. Mr. President, I understand that I have 3 minutes remaining; is that correct? The VICE PRESIDENT. That is correct.

Mr. LEHMAN. Mr. President, I strongly urge that the amendment be adopted. Any other wage scale would be utterly unrealistic.

The VICE PRESIDENT. The time of the Senator from Pennsylvania has expired. Does the Senator from Pennsylvania wish to be recognized at this time?

Mr. PEPPER. The same thing applies to the $3,000 man.

Why should a man in a higher-income group not be required also to make his contribution? In other words, what the Senator says about the man with a $4,200 income also applies in principle to a man with a $3,000-a-year income, with whom we have been taxing, and whom we have been including heretofore in the tax base.

Mr. LUCAS. Mr. President, I challenge the argument made by the Senator from Ohio. In the Senate Advisory Council challenged that theory. The statement the Senator from Ohio has made applies only when a man has paid in during a great number of years and only when the man has reached the age of 65 or 70. However, the argument the Senator makes does not apply in any way whatever to a man of 45 or 50 years of age. It must be borne in mind that monetary wages have doubled since this wage base was established in 1939. The cost of living has also increased by almost the same amount.

Although I would consider the old-age benefits provided under the law as amended in 1939 to be completely inadequate, the fact is that the purchasing power of the benefit provided in 1939 is greater than the purchasing power of the increased benefit provided in the committee bill.

In terms of purchasing power, a $3,000 wage in 1939 is equivalent to a $5,100 wage in 1959. This should distinguish us no cognizance of this circumstance. The committee bill takes no cognizance of the standard of living of American skilled and supervising employees. I urge the Senate to increase the wage base to at least $4,200, so that the more highly paid workers may look to the
age benefit which will provide real security. We should at least raise the wage base to a level commensurate to the wage base established in 1939. To do otherwise would be to rob the worker who was insured in 1939 of the security. In terms of real purchasing power, he was led at that time to expect.

As I have said, I consider the benefits established 10 years ago to be inadequate. Certainly the benefits established in the committee bill, although better than the benefits which were originally proposed, are still completely inadequate.

If this amendment calling for an increase to $4,200 is adopted, and if we also adopt the amendment providing for an increment, the maximum benefit for a man who has contributed for 20 years to this system would be $114, instead of $72.50. The average benefit would be increased to $55, instead of the $49 provided in the Senate committee version of the bill.

Therefore, I strongly urge the adoption of the amendment offered by the distinguished Senator from Pennsylvania to the amendment of the Senator from Georgia.

THE VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. Myers] to the amendment of the Senator from Georgia [Mr. Geocez]. (Putting the question.) The "noes" seem to have it.

Mr. LUCAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TAPT. Mr. President, a parliamentary inquiry.

THE VICE PRESIDENT. The Senator will state it.

Mr. TAPT. Will the Chair please state what the pending question is?

THE VICE PRESIDENT. The pending question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. Myers] to the amendment of the Senator from Georgia [Mr. Geocez], to increase the basic wage from $3,600 to $4,200.

Those in favor of the amendment of the Senator from Pennsylvania to the amendment of the Senator from Georgia will vote "yea," when their names are called; those opposed will vote "nay."

The yeas and nays have been ordered, and the clerk will call the roll.

The "noes" seem to have it.

Mr. LUCAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TAPT. Mr. President, a parliamentary inquiry.

THE VICE PRESIDENT. The Senator will state it.

Mr. TAPT. Will the Chair please state what the pending question is?

THE VICE PRESIDENT. The pending question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. Myers] to the amendment of the Senator from Georgia [Mr. Geocez], to increase the basic wage from $3,600 to $4,200.

Those in favor of the amendment of the Senator from Pennsylvania to the amendment of the Senator from Georgia will vote "yea," when their names are called; those opposed will vote "nay."

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. Chavez] is necessarily absent.

The Senator from North Carolina [Mr. Downey] is absent because of illness.

The Senator from North Carolina [Mr. Graham] is absent from public business.

The Senator from Florida [Mr. Holland] and the Senator from South Carolina [Mr. Johnston], the Senator from Idaho [Mr. Taylor], and the Senator from Oklahoma [Mr. Thomas] are absent by leave of the Senate.

The Senator from Montana [Mr. Murray] is detained on official business, and if present would vote "yea."

The Senator from Maryland [Mr. O'Conor] is absent by leave of the Senate, attending the sessions of the International Labor Organization at Geneva, Switzerland, as a delegate representing the United States.

On this vote the Senator from New Mexico [Mr. Chavez] is paired with the Senator from Florida [Mr. Holland]. If present and voting the Senator from New Mexico would vote "yea," and the Senator from Florida would vote "nay."

I announce further that if present and voting the Senator from Idaho [Mr. Taylor] would vote "yea."

Mr. SALTONSTALL. I announce that the senior Senator from North Dakota [Mr. Langer], the Senator from Oregon [Mr. Morse], and the junior Senator from North Dakota [Mr. Youse] are absent by leave of the Senate. If present and voting, the Senator from North Dakota [Mr. Langer] and the Senator from Oregon [Mr. Morse] would each vote "yea."

The Senator from South Dakota [Mr. Munor] is unavoidably detained.

The result was announced—yeas 36, nays 45, as follows:

YEAS—36

Aiken--------Kefauver--------Magness
Anderson----Kilgore--------McAdoo
Benton------Long--------Nealy
Douglas-----Lehman--------O'Mahoney
Green--------Long--------Pepper
Haggen----Hye----Langston
Hayden------Long--------Saltonstall
Hendrickson--Lucas--------Smith, Maine
Hill--------McCarran--------Smith, N. J.
Humphrey----McCarthy--------Sparkman
Hunt--------McFarland--------Sprague
Ives--------McMath--------Terry
Tye--------McManus--------Withers

NAYS—45

Brewster------Elender--------McClellan
Bricker------Ferguson--------Malone
Bridges------Flanders--------Martindale
Butler--------Frey--------Maybank
Byrd--------Fulbright--------Millikin
Cain----------George--------Roberts
Capehart------Gurney--------Schoeppe
Chapman------Humphrey--------Stennis
Connally-----HuntMcFarland--------Thomas
Cordon-----Howard--------Watkins
Darby--------Huebner--------Wiley
Donnell------Johnson, Colo.--------Wherry
Dowenahk-----Kern--------Young
Eastland------Kerr--------Williams
Eaton--------Kerr--------Williams

NOT VOTING—15

Chavez-----Langer--------Taylor
Downey------Morse--------Thomas, Okla.
Graham------O'Conor--------Young
Holland-----Murray--------Vandenberg
Johnston, S. C.----O'Conor--------Young

So Mr. MYERS' amendment to Mr. Geocez's amendment was rejected.

THE VICE PRESIDENT. The question recurs on agreeing to the amendment offered by the Senator from Georgia, [Putting the question.]

Mr. LONG. Mr. President—

THE VICE PRESIDENT. For what purpose does the Senator rise?

Mr. LONG. A parliamentary inquiry.

THE VICE PRESIDENT. The Senator will state it.

Mr. LONG. What amendment are we voting on? Is it the committee substitute?

THE VICE PRESIDENT. The amendment now before the Senator offers an amendment to Mr. Geocez's amendment, the question being voted on is the amendment offered by the Senator from Georgia, raising the base from $3,000 to $3,600, it is open to amendment. If there be no amendment, the question is on agreeing to the amendment offered by the Senator from Georgia.

The amendment was agreed to,

Mr. GEORGE. Mr. President, I send forward another amendment, which does not have the approval of the full Finance Committee, but which has the approval or consent of the distinguished Senator from Wisconsin, who is the chairman in the committee classifying certain aged drivers as employees. It is desirable to amend it so as to make clear the meaning of the particular provision.

THE VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 255, line 22, after the word "services," it is proposed to insert "for his principal"; and on page 336, line 20, after the word "services," to insert "for his principal."

THE VICE PRESIDENT. The Senator from Georgia is entitled to 5 minutes.

Mr. GEORGE. Mr. President, the purpose of this amendment is to exclude from the employee group the man who buys merchandise and sells it on his own account, not for the account of a principal. It is a clarifying amendment and is intended to leave this whole matter open in conference so that it can be fully considered.

THE VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia.

Mr. GEORGE. The amendment is agreed to.

THE VICE PRESIDENT. Has the Senator from Georgia further amendments?

Mr. GEORGE. Mr. President, there are certain other amendments which the committee has authorized the chairman to accept. Before another amendment is submitted, I desire now to ask unanimous consent to make technical corrections in the bill, and to renumber the sections and subsections in accordance with the final action taken by the Senate.

THE VICE PRESIDENT. Without objection, it is so ordered. Are there further amendments?

Mr. KNOWLAND. Mr. President, I send forward my amendment B and ask that it be read.

THE VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following:

PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS

SEC. 405. (8) Section 1603 (c) of the Internal Revenue Code is amended (1) by striking out the phrase "changed its law" and inserting in lieu thereof "amended its law," and (2) by inserting before the period at the end thereof the following: "and such finding has become effective. Such finding shall become effective on the ninetieth day after the governor of the State has notified thereof unless the State has before such ninetieth day so amended its law that it will comply substantially with the Secretary's Interpretation of the provision of subsection (a), in which event such failure shall be deemed an insufficient failure to comply substantially with the provision in State law specified in paragraph (6) of subsection (a). The application or interpretation of State law with respect to which further administrative or judicial review is provided for under the law of the State is modified by section 303 (b) of the Social Security Act is amended by inserting before the period at the end thereof the following: "Provided, That there shall be no finding
under clause (1) until the question of en-
titlement shall have been decided by the highest judicial authority given jurisdiction
under clause (2). Provided further. That any costs may be paid with respect to
any claimant by a State and included as
costs of resolution of the law."

The VICE PRESIDENT. The Senator from California is recognized for 5
minutes.

Mr. KNOWLAND. Mr. President, I
first want to call the attention of every
Senator in the Chamber to page 876 of
yesterday's CONGRESSIONAL RECORD, where there will be found messages from
States north, east, south, and west, and
their official agencies, asking for the
support of this amendment. I speak as
one of the Representatives of a far-
western State which has felt the arbi-
trary power of the executive branch of
the Government infringing on States'
rights. I hope that those Senators who
in the past have expressed a great inter-
est in the matter of States' rights will
particularly view with favor this amend-
ment.

Mr. President, I wish at this time to ask to have printed certain in telegrams of
support of resolution from the official agen-
cies of the States of Arizona, Utah, South
Carolina, North Carolina, Tennessee, Wisconsin, Arkansas, and North Dakota,
which are in the State agency of the others,
together with a statement by the Senator
from Washington [Mr. CAIN].

There being no objection, the tele-
grams and statement were ordered to be
printed in the Record, as follows:

PHOENIX, ARIZ., June 20, 1950.
WILLIAM F. KNOWLAND,
United States Senator,
Senate Office Building; Administering this agency unqualifiedly
approves your amendment, H. R. 6000, also
George loan fund as originally enacted.

BRUCE PARKINSON,
Chairman, Industrial Commission of
Wisconsin.

SALT LAKE CITY, UTAH, June 20, 1950.
UNITED STATES SENATOR,
Senate Office Building; the State of Utah,
Senate Office Building: Following wire sent to Utah Senators: "urge you to amend
Knowland amendment to H. R. 6000, providing that Secretary of Labor
cannot decertify State unemployment
compensation law prior to time courts have
passed on disputed items, relative to State,
benefits. Proposed amendment clarifies and adds needed strength to what
we believe law now provides."

OTTIS W. WISELEY,
Commissioner, Industrial Commission of
Utah.

WASHINGTON, D. C., June 20, 1950.
UNITED STATES SENATOR,
Senate Office Building; you amendment to H. R. 6000 represents the views of South Dakota Employment
Security Department.

ALAN WILLIAMSON,
Commissioner.

OLYMPIA, WASH., June 19, 1950.
UNITED STATES SENATOR,
Senate Office Building, Washington, D. C.; Original to Senator Knowland and Magnuson: "urge that you give immediate attention to
Senator Knowland's amendment to House Resolution 6000. This amendment restricts
Secretary of Labor from holding States out of conformity until State courts have passed on disputed items. Favorable consideration of
this amendment is particularly appreciated. Understand this amendment is to be voted on
Tuesday, June 20."

J. H. ROBERTSON,

UNITED STATES SENATOR,
Senate Office Building; the South Carolina employment security
commission strongly supports the George
loan fund provision from hitting the sol-
venity of States unemployment compensa-
tion funds as contained in H. R. 6000 and
especially your amendment that is designed to protect the States from Federal interferences
in administrative and judicial pro-
cedures.

B. M. GIBSON,
Chairman.

RALEIGH, N. C., June 19, 1950.
HON. WILLIAM F. KNOWLAND,
Chairman, Senate Office Building; Approve your amendment, H. R. 6000.

EMETT J. KENDALL,
Chairman, Employment Security Commission.

NASHVILLE, TENN., June 16, 1950.
UNITED STATES SENATE,
Washington, D. C.;
we request your careful consideration and
if possible your support of Senator W. F. KNOWLAND's of California, amendment to
H. R. 6000 providing that Secretary of Labor is restricted from holding States out of conformity until State courts have passed on disputed items.

E. K. WILEY,
Commissioner, Department of Em-
ployment Security.

NASHVILLE, TENN., June 16, 1950.
UNITED STATES SENATE,
Washington, D. C.;
we request your consideration and
if possible your support of Senator W. F. KNOWLAND's of California, amendment to
H. R. 6000 providing that Secretary of Labor is restricted from holding States out of conformity until State courts have passed on disputed items.

E. K. WILEY,
Commissioner, Department of Em-
ployment Security.

MADISON, WIS., June 20, 1950.
UNITED STATES SENATOR,
Senate Office Building, Washington, D. C.;
we strongly favor your amendment to
H. R. 6000 designed to assure due process
before any Federal official can hold a State
unemployment fund out of conformity with Federal requirements.

VOTA W. WARREN,
Chairman, Industrial Commission of
Wisconsin.

LITTLE ROCK, ARK., June 20, 1950.
UNITED STATES SENATOR,
Washington, D. C.; we concur wholeheartedly in your amend-
ment to H. R. 6000 to provide that Secretary of Labor be restricted from holding States out of conformity until State courts have passed on disputed items. It is of grave im-
portance to States that they have ample op-
portunity to correct any controversial items
before being held out of conformity.

ARKANSAS EMPLOYMENT SECURITY DI-
vision.

BIRSMAC, N. DAK., June 20, 1950.
UNITED STATES SENATOR,
Washington, D. C.;
North Dakota agency supports your pro-
posed amendment to H. R. 6000.

NEIO DAKOTA WORKMEN'S COMPEN-
SIATION, RALEIGH, N. C.;
B. M. RYAN,
Chairman pro tempore.

STATEMENT BY SENATOR CAIN
The amendment offered by the Senator from California involves a very important matter and it should have the unanimous endorsement of the Senate. The State of Washington by going with the State of Cali-
fornia has a very special interest in this problem

Last November the Federal Department of Labor informed the Commission
on employment security of the State of Washington
that certain decisions of the Washington State
Unemployment Compensation Act were not consistent with requirements of the Fed-
eral laws relating to unemployment security,
A similar case arose at the same time involv-
ing the State of California, and both decisions of the State of the Washington and the State of California were called to Washington, D. C., by the Department of Labor to show why their laws should not be held out of conformity with the Federal Unemployment Compensation Act. The Washington State and California when then in effect told to administer the laws of their States according to the desire of the United States Department of Labor or all the employers subject to unemployment compensa-
tion laws in the State of Washington and California would be penalized by having
had to pay a double tax on their 1949 payrolls.
I am not going to trespass on the time of the Senate by going into the ramifications of the particular cases, although I think it would be enlightening to do so. I think the important point is that the Federal Depart-
ment of Labor held that an interpretation of the Washington State statute constituted a
change in the Washington statute so as to take the State out of conformity with Federal law. This was not a final interpretation by the highest court of the State but a casual Interpre-
tation by the Department of Labor which under the law of the State is required to
be impartial.

Strangely enough the hearings held at the
Department of Labor last December covered not only the law but went into the detailed facts of the particular cases and in effect gave a complete review de novo. Labor Depart-
ment and labor-union attorneys argued against the facts as found by the impartial appeals tribunal. The Department of Labor in those rulings in these cases had construed the State of Washington law in such a manner as, in effect, to change the law so that it was out of conformity and would have been decertified. They argued that the unemploy-
ment compensation statute of the State of Washington should not be interpreted by the
State of Washington in accordance with its
constitution, its other laws, and its own
judicial precedents. No, they said, the State of Washington must bow to superior intelligence and accept whatever interpretation some Federal bureaus in the State are to accept.
They go even further than this. They say that before making an interpretation in these border-line cases the impartial appeals tri-
unal of the State, the State director of em-
ployment security, the legislature of the State, yes, and even the supreme court of the
$200,000,000 which would not have been otherwise due or payable. The Secretary of Labor, under existing law, can make the same kind of decision with respect to any of the 48 States. He alone—not a three-man board as under the original act—can impose a Federal unemployment tax on the taxpayers of every State in the Union equal to exactly 10 times the amount of tax now paid. The Secretary certified these actions on mere unappealed benefit determinations made by a claims examiner or clerk in the employ of a State unemployment compensation agency, or he can do so at any time. In December the States of California and Washington, in complete absence of opportunity for their courts to pass on the merits of the Secretary’s action, were threatened with this potent penalty action.

Fortunately for California taxpayers and all other employers, but unfortunately for the rights of the States, the State administrators were able to capitate to the Secretary of Labor and satisfy his requirements of State conformity with Federal provisions, and Washington cases before December 31 of last year. December 31 is the last day on which State laws may be certified to Treasury for tax credit for any year. The Secretary certified that the States were in accord with the basis of negotiation and promises by the two State administrators. The State administrators had no choice. They could not be parties to the imposition of a $200,000,000 Federal tax on the taxpayers of their own States.

All of this was done on the basis of reviewable administrative interpretations of State laws. The courts of the States were never even asked for his action, were threatened with this potent penalty action.

This amendment does one principal thing and that is to protect the claimant. It says to the Secretary of Labor that he cannot base his penalty—costly—in every sense of the word—decision of nonconformity with Federal statutory requirements only upon interpretations made by the courts of the States involved. It tells the Secretary of Labor that he cannot, as he did with California and Washington, seize upon an appealable benefit decision perhaps made by State personnel of the lowest rank—unappealed, not reviewed by State administrator or State courts—as a basis for saying to a State, at the eleventh hour, that it is out of accord with Federal law. It is for every practical purpose out of business. It confirms the rights of States to follow their own orderly review procedures and relieve the claimant from further action. It says to the Secretary of Labor that he cannot base his penalty on mere unappealed benefit determinations made by a claims examiner or clerk in the employ of a State agency, or he can do so at any time.

The amendment that individual hardships may result from delays incidental to judicial review is in fact an attack upon our whole system of judicial review. The argument that judicial review may result in delays is an argument against the right of the claimant to have his claim determined before an impartial tribunal.
urged if he were attempting to estab-
lish old-age insurance or other Federal
benefits. For the whole idea of such
intervention is based on the assumption
that it is a matter of individual hard-
ship. In establishing a claim, the sys-
tem of court review is wrong and should be
scrapped. If this is in fact the case, we
must revise all our concepts of orderly
procedure, and amend all our laws gov-
erning the determination of disputed
claims. We must thus choose between
preserving judicial review in State un-
employment-compensation systems and
permitting intervention by the Secretary
of Labor in the State claims procedure.

The fact that the claims procedure of
the State must be complied with was
consistently recognized throughout the
administration of the Federal provisions
for more than a decade by the Secretary
of Labor’s predecessors in functions.
They did not intervene in such pro-
cedure. The pending amendment merely
requires the Secretary to continue this
long-established principle.

Mr. President, I ask support for this
amendment. I think it is a practical
demonstration of States’ rights.

Mr. KERR. Mr. President, I yield 2½
minutes to the Senator from Oklahoma
[M. Kerr].

The VICE PRESIDENT. The Sena-
tor from Oklahoma is recognized for 2½
minutes.

Mr. KERR. Mr. President, I hope this
amendment will not be adopted. It is
not an amendment to amend the old-age
and survivors’ insurance program; it is
not an amendment to improve or to
amend the old-age assistance program;
realitv, it is not an amendment to
improve or amend House bill 6000. It is
an attempt to amend and, in fact, to re-
peal more than the provisions of the unemploy-
ment-insurance legislation.

As I understand it, it would not seek
to create a national program of unemploy-
ment insurance, but would establish 51
different unemployment-compensation
insurance. It would destroy the Federal
minimum requirements in the program
which has been created by Federal legis-
lation and which is operated by Federal
agencies. It would make the State and
Federal cooperation with reference to
the unemployment-insurance program.
In fact, it would open the door for the
creation of 51 unemployment-insurance
programs by the States, which would
thereby become the controlling factor
with reference to the Federal Govern-
ment, and not otherwise.

Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from
Ohio.

Mr. TAFT. Is the Senator aware that
there are now 51 separate systems and
that Federal control relates only to
taxes?

Mr. KERR. I am aware of the fact that
we have the opportunity for 51 variations
of one program; but this amendment
would require the Federal Government
not to be a part of the over-
all program, but to meet the variations
in the requirements of the 51 programs.

The VICE PRESIDENT. The time of the
Senator has expired.

Mr. GEORGE. Mr. President, I yield
2½ minutes to the Senator from Colo-
rado (Mr. MILLIKIN).

Mr. MILLIKIN. I yield to the Senator
from Ohio.

Mr. TAFT. Mr. President, this amend-
ment would improve the present situa-
tion in which the Federal Government
can step in at any time and tell the
States how to administer the law.

Mr. KNOWLAND. Mr. President, will
the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. KNOWLAND. Mr. President, I
want to underscore what the Senator
from Ohio has said. Power is still left
in the Secretary of Labor. If, after nor-
mal procedures have been gone through,
he wants to declare a State out of com-
pliance, he can do so. Ninety days’
time is provided within which the legislature
may meet and get into compliance. It
seems to me that all of these cases, it is a
case in which a State should be able to fol-
low through with its own procedures.

Mr. LEHMAN. I am afraid that the
Senator is reading into a bill which
tries to invoke that power as was done
in the California and Washington cases.

Mr. LEHMAN subsequently said: Mr.
President, I ask unanimous consent that
the following statement may be printed
in the Record immediately preceding the
vote on this amendment.

There being no objection, the state-
ment was ordered to be printed in the
Record.

STATEMENT BY SENATOR LEHMAN

Mr. President, the distinguished Senator
from California (Mr. KNOWLAND) has sub-
mitted an amendment to the bill we are now
considering which would, in my judgment,
have far-reaching effects upon uniform and
effective administration of our unemploy-
ment-compensation system.

As I understand the amendment, it would
make certain procedural changes in connec-
tion with the consideration and determina-
tion of questions of conformity of State
law with the Federal Social Security Act by the
Secretary of Labor. It would also provide
that the amendment would not permit
the Secretary of Labor to consider the
law which the Secretary could consider
would be an amendment of the law by act of the State
legislature.

I am not, and I venture to think that few
of us are, able to assess the full meaning and
import of the procedural changes in the law
that would be made by the Knowland
amendment. But, surely, none of us are so
naive as not to realize that in large measure
a law is what administration makes that law
be. We have heard the argument ad-
vanced many times on the floor of this body
that various administrative agencies of the
Government administering laws enacted by the
Congress, changed the intent of Congress when it enacted that law. States
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(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) such amount be divided by the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which, and if that 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) The amendment made by subsection (a) shall take effect October 1, 1950.

On page 379, line 10, after the word "children", insert a comma and the following: "and includes money payments, or medical care or any type of remedial treatment, or both, and for no other purpose."

On page 381, between lines 14 and 15, insert the following:

(b) Clause (7) of such subsection is amended to read as follows:"

(7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this act."

On page 378, strike out line 18 and insert in lieu thereof:

(d) The amendment made by subsection (a) shall take effect July 1, 1951; the amendments made by subsection (b) shall take effect October 1, 1950.

On page 378, beginning with line 20, strike out all down to and including line 2 of page 379 and insert in lieu thereof:

"COMPUTATION OF FEDERAL PORTION OF AID TO DEPENDENT CHILDREN"

Sec. 322. (a) Section 403 (a) of the Social Security Act is amended to read as follows:"

"Sec. 403. (a) From the sums appropriated herefor 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 October 1, 1950, (1) an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter for aid to dependent children under the State plan, not counting so much of such expenditure as 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 each such dependent child, and $30 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 $30—"

"(A) three-fourths of such expenditures, not counting so much of the expenditures with respect to each month as exceeds the product of $12 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus"

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) such amount be divided by the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which, and if that 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."

The question is on agreeing to the amendment offered by the Senator from Illinois (Mr. Lucass).}

Mr. LONG. Mr. President, I call up my amendment 6–19–50–D.

The VICE PRESIDENT. The Senator from Ohio is absolutely correct. The amendment does increase the appropriations for the State assistance program. However, the majority of the committee has agreed to accept the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Illinois (Mr. Lucass).
or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting an opportunity for a fair hearing before the termination of any indefinite period, in which the claim of any individual who is denied the right to receive aid on the ground that he is a patient in a medical institution as a result thereof, is expected to be derived, (B) records showing the number of disabled individuals in the State, and (C) such other investigation as the Administrator may find necessary.

"(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator in respect to aid to the disabled furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated in such prior quarter: Provided, That any part of the amount recovered during a prior quarter by the State or any political subdivision thereof with respect to aid to the disabled furnished under the State plan shall be reduced by a sum equivalent to the amount so estimated by the Administrator for such prior quarter.

"(3) The Secretary of the Treasury shall thereupon pay to the State, at the time or times fixed by the Administrator, the amount so certified.

"OPERATION OF STATE PLANS"

"SEC. 1404. In the case of any State plan for aid to the disabled which has been approved by the Administrator after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, the plan shall:

"(1) that the plan has been so changed as to impose any residence or citizenship requirement upon any individual for any part of the State, or for aid to the disabled furnished under the State plan, not counting so much of such expenditure as is made to the State until he is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State."

"DEFINITION"

"SEC. 1405. For purposes of this title, the term "aid to the disabled" means money payable to or for medical care in behalf of any individual who is a patient in an institution for tuberculosis or mental disease, or by or for medical care in behalf of any individual who is a patient in a medical institution as a result thereof.

"PART 6—MISCELLANEOUS AMENDMENTS"

On page 285, line 7, strike out "351" and insert in lieu thereof "351".

Mr. LONG. I should like to explain that this amendment is phrased substantially in the language of the provision in the House committee approved and the House of Representatives passed. It provides for the Federal Government to aid indigent persons. This is not an insurance program. I wish Senators to bear that fact in mind. Under this program the Federal Government would match the States in providing for disabled persons who are indigent. Rather than using such terms as "total and permanent disability," or "totally and permanently disabled," I have used the description "who are unable to engage in any substantially gainful activity by reason of medically demonstrable physical or mental impairment." I think that language is much better than the other language.

Furthermore, this amendment provides that before those who are disabled may be aided by a State Federal program for the needy disabled, all three doctors must examine and unanimously approve any disabled applicant who may apply for aid.

Mr. President, based on my study of this program, in my humble opinion one of the greatest shortcomings of our present system is that no Federal aid whatever is provided for those who are totally disabled from earning a living. I have the great honor to represent in this Congress the State of Louisiana, a State of two and a half million people. I should like Senators to listen to the kind of ailments which are included in total disability. Persons who suffer from tuberculosis, persons who have a heart disease which makes them unable to work, those who have suffered from coronary thrombosis, and other similar ailments which would kill many of them
Mr. MILLIKIN. Mr. President, as the Senator from Georgia has stated, the subject will be in conference. I should like to invite attention also to the fact that one of the studies to be undertaken by the Study Committee is the relation of the social-security program to care, income maintenance, and rehabilitation of disabled workers. I believe that the committee could easily, under its general authority, continue the study of this subject if nothing should come out of the conference committee.

Mr. TAFT. Mr. President, will the Senator from Colorado yield? Mr. MILLIKIN. I yield to the Senator from Ohio.

Mr. TAFT. I wish to call attention to the issue we have really have before us. It is, how far shall we increase Federal aid to States to help the cases of crying need, which the Federal Government cannot help today. It would be possible for those States who to- have a program for their aged would di- to match funds of the Federal Government. By failure to have any matching or any provision whatsoever for these disabled persons, those States are not able to set up any kind of a program for the aged and indigent.

Mr. President, this is not a social-se- curity insurance program; this is a matching provision which would have in mind the Federal and the State govern- ments working together to make funds to make it possible to help deserving dis- able persons.

In my State 3 percent of those who are disabled are bedridden, unable to get up out of bed, by doctor's orders. Eleven percent are partially ambulatory, not able to get around to any considerable extent. I think that anyone who made a study of this matter would find that the cases of crying need going without assistance are cases of those who are dis- abled. In most cases, I would say in almost 90 percent of the cases, the dis- ability is a result of cancer, heart disease, arthritis, rheumatism, or similar mala- dies.

As far as we are able to determine, the program would require about $50,000,000 to match funds of the Federal Government. In looking after their aged and blind where there is a Federal matching pro- gram. By failure to have any matching or any provision whatsoever for these disabled persons, those States are not able to set up any kind of a program for the aged and indigent.

Mr. President, this is not a social-se- curity insurance program; this is a matching provision which would have in mind the Federal and the State govern- ments working together to make funds to make it possible to help deserving dis- able persons.

In my State 3 percent of those who are disabled are bedridden, unable to get up out of bed, by doctor's orders. Eleven percent are partially ambulatory, not able to get around to any considerable extent. I think that anyone who made a study of this matter would find that the cases of crying need going without assistance are cases of those who are dis- abled. In most cases, I would say in almost 90 percent of the cases, the dis- ability is a result of cancer, heart disease, arthritis, rheumatism, or similar mala- dies.

So far as we are able to determine, the program would require about $50,000,000 to match the amounts being afforded by the States. I presume States which have a program for their aged would di- erently not need to help the cases of crying need, which the Federal Gov- ernment cannot help today. It would then be possible for those States who to- day cannot do anything for the totally disabled to use their funds to help other people.

Mr. President, I yield the remainder of my time to the junior Senator from Wyoming (Mr. Hunt). The VICE PRESIDENT. The time of the junior Senator from Louisiana has expired.

Mr. HUNT. Nevertheless, Mr. Presi- dent, I thank the Senator from Louisiana.

Mr. GEORGE. Mr. President, I merely wish to say that the committee has given great consideration to the provision that is put forward by the amendment. It has been one which has given the commit- tee great concern. The particular provision referred to will be in confer- ence. It is in the bill as it passed the House, and we have full opportunity to consider it in conference. It was the reason, among others, that the committee was in mind in recommending against this particular amendment. I yield the remainder of my time to the Senator from Colorado (Mr. MILLIKIN).
So Mr. Long's amendment was rejected.

Mr. NEELY. Mr. President, for the distinguished Senator from West Virginia [Mr. Kilgore] and myself, I offer an amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

Clerk. On page 278, line 19, it is proposed to strike out "sixty-five" and insert in lieu thereof "sixty."

The VICE PRESIDENT. The Junior Senator from West Virginia is recognized for 5 minutes.

Mr. NEELY. Mr. President, the amendment, if adopted, would reduce the retirement age for both men and women from 65 to 60 years. The present law provides old-age benefits for the retired worker and his wife, for the widow without children, and for the dependent parent of a deceased worker only after the attainment of the age of 65. The committee amendment leaves the present law unaltered.

In the case of women the reasons which warrant a reduction in the retirement age are different but equally compelling. Such action was urged by the Federal Security Agency and is supported by every proficient student of the social-security system. It is evident that under peacetime conditions relatively few women over 60 work for wages. The most recently available census data show that more than four out of five women in the 60-64 age group do not hold paying positions, whereas only one out of five men in the same age group is not in the labor force. The exact figures are that while only 21 percent of the male population of 60 to 64 is not in the labor force, the corresponding figure for women is nearly 85 percent.

A reduction in the qualifying age for women would be of enormous assistance to aged couples. Wives are customarily a few years younger than their husbands, so that when a man reaches the age for which his wife's benefits are available, the couple is likely to be the husband's benefit. At the present time only about one-fifth of the wives who in the 60-64 age group are employed are available, whereas only one out of five men in the same age group is not in the labor force. The essential fact is that under peacetime conditions relatively few women over 60 work for wages. The most recently available census data show that more than four out of five women in the 60-64 age group do not hold paying positions, whereas only one out of five men in the same age group is not in the labor force. The exact figures are that while only 21 percent of the male population of 60 to 64 is not in the labor force, the corresponding figure for women is nearly 85 percent.

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The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. Neely] for himself and his colleague [Mr. Kilgore]. [Putting the question.]

Mr. BREWSTER. Mr. President, I ask that the Senate reject the amendment.

Mr. NEELY. Mr. President, the amendment, if adopted, would reduce the retirement age for both men and women from 65 to 60 years. The present law provides old-age benefits for the retired worker and his wife, for the widow without children, and for the dependent parent of a deceased worker only after the attainment of the age of 65. The committee amendment leaves the present law unaltered.

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amendment will be rejected, and at the same time I wish to express my regret that I was not present when the so-called George-Millikin resolution was considered by the Senate. At that time I was not called to the telephone.

I wish to associate myself with the Senator from Florida (Mr. Perkins) in his expression of interest in the study which is to be made of the so-called Townsend plan. Mr. Nye, who has for long believed in the wisdom of the fundamental principles upon which that plan is based, I wish to have it made clear that I was associating myself in the earnest hope that the study which will be made during the recess will lead to a far more serious consideration of that program than, in my judgment, it has thus far received.

The VICE PRESIDENT. The Senator's time has expired.

The Chair will put the question again: The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. Kilgore] for himself and his colleague (Mr. Kilgore). The amendment was rejected.

Mr. LEHMAN. Mr. President, I call up my amendment marked "5-22-50-W. Va."

The amendment was rejected.

Mr. LEHMAN. Mr. President, I call up my amendment marked "5-22-50-A. W. Va."

The amendment was rejected.

Mr. LEHMAN. Mr. President, I call up my amendment marked "5-22-50-".

The amendment was rejected.

The VICE PRESIDENT. The amendment will be stated.

The amendment was rejected.

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The amendment was rejected.

Mr. LEHMAN. Mr. President, no geographic area in the United States more urgently needs the public assistance provisions of House bill 6000 than Puerto Rico and the Virgin Islands.

My amendment is a very simple one. It is one that includes Puerto Rico and the Virgin Islands in the definition of States. I believe that all the titles of the Social Security Act should be applicable to Puerto Rico and the Virgin Islands on the same basis on which they are applicable to the States.

All these titles are already applicable to Alaska and Hawaii. It is eminently unfair to permit Puerto Rico and the Virgin Islands. In Puerto Rico, out of a labor force of 700,000, an average of 100,000 are usually unemployed. I say "usually" because of the seasonal nature of employment in both Puerto Rico and the Virgin Islands.

It is true that Puerto Rico and the Virgin Islands do not pay taxes into the United States Treasury on the same basis as the States of the Union. But this is not a failure on their part. It is a waiver on the part of the Federal Government in recognition of the peculiar economic conditions pertaining in those islands.

The cost of the application of the public assistance titles to Puerto Rico and the Virgin Islands could be slightly more than $9,000,000. Of this, $8,213,000 would be for Puerto Rico and $165,000 would be for the Virgin Islands.

We commit the same obligations to these American citizens.

Mr. TYDINGS. Mr. President, will the Senator yield to permit me to make a simple observation?

Mr. LEHMAN. I yield.

Mr. TYDINGS. There is a great deal of merit in what the Senator from New York says; but I wonder whether he has in mind that Puerto Rico already is permitted to keep in its island treasury the liquor taxes, tobacco taxes, and so forth. We are already giving to Puerto Rico more than $50,000,000 of revenue a year coming from taxes which the States are required to pay into the Federal Treasury.

Mr. LEHMAN. I realize that; but those taxes are retained in Puerto Rico for the support of the government there; they are not used for old-age pensions or public assistance.

Mr. President, as I just said, we dare not forfeit our obligations to these American citizens. They are American citizens in every sense of the word, and as such they are entitled to the same consideration that is accorded the people of the United States by the action of our Government, not primarily by the action of the people of those islands. The Virgin Islands were purchased by the Government of the United States. Puerto Rico was won over to the United States as a result of the Spanish-American War.

I think the Government and the people of the United States owe an absolute obligation to the peoples of those islands to treat them in the way that the amendment proposed by the Senator from New York provides. I certainly hope that this amendment will be adopted, so that the Government of the United States may carry out its responsibilities toward the peoples of these islands.

Mr. GEORGE. Mr. President, I desire to make only a brief statement. This matter was given full and due consideration by the committee. The truth is that all the taxes paid in the Virgin Islands are returned to the islands with a greatly increased sum. The truth also is, as the distinguished Senator from Maryland has pointed out, that Puerto Rico retains all of its internal taxes and retains all the income taxes. This is the amendment to increase the assistance to States. The Virgin Islands are brought under the old-age and survivors insurance title of this act, and with very greatly improved eligibility requirements in the financing which we inserted largely to take care of the situation in Puerto Rico, the people of those islands will receive great benefit under the bill. But since they keep all their taxes and even more than their taxes, the view of the committee was against bringing them in under the State assistance program or the grants. I yield whatever time I have to the Senator from Colorado or to anyone else whom he may wish to yield it to.

Mr. MILLIKIN. Since this matter is in the House bill, not in the Senate committee bill, I suggest that he could be accommodated in the conference, and that the amendment be rejected.

Mr. TAP'T. Mr. President, will the amendment yield?

Mr. MILLIKIN. I yield.

Mr. TAP'T. I am opposed to the inclusion of Puerto Rico, but I personally should want to see the Virgin Islands included. The reason as stated by the distinguished Senator from Georgia, that we permit Puerto Rico to keep all the excise taxes, for
Instance, which are levied on the rum which they make, which taxes are in fact paid by the people of the United States. It is just as if we let North Carolina get an over-all tobacco tax which come into the United States Treasury, for the State of North Carolina. We give the Puerto Ricans about $10,000,000 off on their income taxes, which they retain. We do not get the income taxes from Puerto Rico, which amount to $20,000,000 more. So that we are in effect making a cash credit to Puerto Rico of 45c in 59c, more than twice the additional aid given in this bill.

I have every sympathy for measures designed to aid Puerto Rico, and I have always supported them, but it seems to me, while they have such an over-all grant from the United States, there is no reason to include Puerto Rico under various State-aid programs. This is about the only thing they do not get. I see no reason for the amendment. The Virgin Islands are keeping their taxes, and so, so far as I am concerned, if the question should be in conference and I were on the committee I should be in favor of the proposal for the Virgin Islands. It has been suggested, that we have included Puerto Rico in old-age and survivors insurance. They pay the taxes like anyone else, and they will get the benefits.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. TAIT. I yield.

Mr. LEHMAN. Is it not a fact that there are now certain States of the Union which, while taxes are collected within their borders, receive more from the Federal Government in the form of grants of various kinds and relief and old-age assistance and public assistance than the amount which the Federal Government receives from them in the form of revenue?

Mr. TAIT. It is impossible to tell what the Federal Government gets from them, but I think probably that is so. But there is no State in the Union which is permitted, as Puerto Rico is, to keep the income tax which goes to the Federal Government. The Puerto Rican income tax is entirely retained by Puerto Rico. The revenue taxes paid on rum made there and sold to the people of the United States for $9 a gallon are retained by Puerto Rico. I say it is exactly as though North Carolina kept the tobacco tax. There is no State in the entire United States that is in that situation.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. TAIT. Now, I think I am through.

The VICE PRESIDENT. The time of the Senator has expired. All time has expired. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. GATENBY].

The amendment was rejected.

Mr. WATKINS. Mr. President, I call up the amendment which I have already sent to the desk, and ask that it be read.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 312, between lines 13 and 14, it is proposed to insert the following:

"SERVICES FOR COOPERATIVES PRIOR TO 1951
Sec. 110. (a) (1) an individual has been employed at any time prior to 1951 by organization individually in the first sentence of section 101 (12) of the Internal Revenue Code.

(2) the service performed by such individual during the time he was so employed constituted agricultural labor as defined in section 209 (b) of the Internal Revenue Code and section 1426 (b) of the Internal Revenue Code, as in effect prior to the enactment of this Act.

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code have been paid in full and the Senator will state the amendment.

Mr. WATKINS. I yield to the amendment.

Mr. MINOR. Mr. President, I think the Senator who is in charge of the Finance Committee should have the floor.

The VICE PRESIDENT. The Senator from Utah is recognized for 5 minutes.

Mr. GEORGE. Mr. President, will the Senator from Utah yield to me for a half minute?

Mr. WATKINS. I yield.

Mr. GEORGE. Mr. President, I desire to say that the Senate Finance Committee has considered this amendment, and has unanimously approved it. Earlier, in the consideration of the bill—that is, at least after the Senator from Utah had spoken—I had conversations with both the distinguished senior Senator and junior Senator from Utah about this matter. Both have been interested in the subject matter. The committee unanimously recommends that the amendment be adopted.

Mr. WATKINS. Mr. President, I ask unanimous consent to have inserted at this point the following statement with respect to this amendment:

There being no objection, the statement was ordered to be printed in the Record, as follows:

"STATEMENT BY DEPUTY SECRETARY WATKINS
This amendment provides retroactive benefits for employees of farmer cooperatives whose status under the existing social-security law is in doubt. It was referred to the committee as a result of the case of Henry B. Azevedo, claimant, social security No. 545-12-9715. The claimant is a member of a cooperative of farmer cooperatives, who together with their employees have contributed to the social-security fund in the belief that they were covered by the law. It would be accorded credits to which such payments entitle them, provided no refunds have been paid."

There has been some suggestion that because these amendments accord retroactive coverage benefits they should not be enacted. However, retroactive benefits have been accorded in the past (49 Cong. Rec. 948). In an amendment, enacted by the Seventy-ninth Congress, veterans of World War II were accorded retroactive coverage benefits for the time served in armed services. Furthermore, these retroactive benefits were accorded even though no contribution was made by the employers or by any employers. It was simply a gratuitous offering on the part of the Government.

If the Azevedo case is carried to its logical conclusion, employers of farmer cooperatives may not receive refunds of taxes paid, except for the last 4 years of the contributing period. Unfortunately as that may be, it is not as unfortunate as the fact that their employees suddenly learn that they have not been in covered employment for many years during which contributions have been made. In other words, the amendment does not request coverage for a class of employees who have made no payments to the social-security fund, as was the case with World War II veterans; the amendment is proposed only for a correction of an inequity where both employers and employees have made the necessary contributions for retroactive coverage and desire to obtain that coverage.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. WATKINS].

The amendment was agreed to.

Mr. MYERS. Mr. President, I call up my amendment "7.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 385, it is proposed to strike out lines 3 to 5, inclusive, and insert in lieu thereof the following:

"(b) The provisions of subsection (a) shall be effective only for the period beginning October 1, 1909."

Mr. MYERS. Mr. President, this amendment corrects a rather peculiar situation which has arisen in Pennsylvania, and, I understand, also in Missouri. I further understand that this amendment had the support of the Finance Committee this morning.

Mr. GEORGE. Mr. President, if the Senator will yield to me, I may say that the committee considered this amendment as a result of the case of Henry B. Azevedo, claimant, social security No. 545-12-9715. The claimant is a member of a cooperative of farmer cooperatives, who together with their employees have contributed to the social-security fund in the belief that they were covered by the law. It would be accorded credits to which such payments entitle them, provided no refunds have been paid."

There being no objection, the statement was ordered to be printed in the Record, as follows:

"STATEMENT BY SENATOR MYERS
This amendment, Mr. President, has the sanction of the committee. It corrects a rather peculiar situation which has arisen in Pennsylvania and, as I understand it, in Missouri.

For 15 years now, Pennsylvania has operated what many regard as the most enlightened program of assistance to the blind that has been anywhere. There has been no significant change in Federal assistance for its blind pension. The reason, Mr. President, boils down to this:

Under existing law, the Federal Security Agency has felt that it has power to approve funds for any State program which did not conform to the rigid
standards set forth in the law. This provision, which was intended primarily to promote minimum standards among the State programs, would have the effect of precluding development of State programs more liberal than provided for under existing Federal legislation.

However, the State is now willing to cut back its program for the blind—knocking out the additional liberal provisions of its own program—Federal funds would have to be forfeited to the State. However, the State has chosen, instead, to maintain its program, with the result that funds would have to be provided, at an extra cost, to pay for it exclusively out of State funds.

The Senate Committee, in reporting H. R. 6000, sought to correct this situation temporarily by permitting the Social Security Administrator to approve Federal grants to Pennsylvania and Missouri for the period of 1950. The amendment to the bill being considered would provide that funds would be available to the State only for that fraction of the blind population whose incomes met the rigid needs test specified in the Federal law. In other words, the State would be free to operate out of its own funds its pension program for the other blind persons whose incomes were in excess of the Federal maximum.

All my amendment does, Mr. President, is temporarily to place Pennsylvania and Missouri on a parity with the other States. And this is accomplished by striking from the bill the date of July 1, 1933. I want to repeat one thought, although I have mentioned it briefly in my preceding remarks. The amendment simply means that Pennsylvania and Missouri will be permitted to continue to operate a workmen's compensation program and will only receive such Federal assistance as they would receive were they to cut back to the less liberal standards of the Federal requirement. Insofar as assistance to other blind persons is concerned, that phase of the State program will continue, as it has in the past, to be supported entirely by State funds.

So, Mr. President, I urge that my amendment be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. Myres]. The amendment was agreed to. Mr. Kilgore and other Senators addressed the Chair.

The VICE PRESIDENT. The Chair will recognize all Senators when he gets to them, but he can only recognize one at a time. The Senator from West Virginia.

Mr. KILGORE. Mr. President, I desire to call up my amendment F.

The VICE PRESIDENT. Does the Senator want the amendment read in full?

Mr. KILGORE. No. The amendment offered by Mr. Kilgore is as follows:

On page 290, line 5, change the period to a semicolon and add the following: "and the term 'State-wide retirement system' means a retirement system established by a State which covers any class or classes of employees of one or more political subdivisions of the State or covers any class or classes of employees of any State other than those in positions covered by a State-wide retirement system as those engaged in performing service In connection with a proprietary function; (b) employees of a political subdivision of a State other than those In positions covered by a State-wide retirement system and those engaged in performing service in connection with a proprietary function; (c) employees of the State and employees of its political subdivisions who are In positions covered by a State-wide retirement system; (d) employees of a State engaged in performing service in connection with a single proprietary function; or (e) employees of the State engaged in performing service in connection with a single proprietary function."

On page 292, delete lines 12 through 17 and insert in lieu thereof the following:

"(d) (1) It is hereby declared to be the policy of the Congress that (A) the total benefits afforded to individuals employed, at the time of the referendum referred to in paragraph (2) of this section, of the State program will continue, as a result of such agreement or legislative enactment in anticipation thereof, to be equal to or exceed in the aggregate the benefits provided under such retirement system. (2) No agreement with any State may include provisions covering positions covered by a retirement system in effect on the date the agreement is entered into, or receiving period benefits under such retirement system as a result of such referendum, will not be reduced or impaired as a result of such agreement or legislative enactment in anticipation thereof, with the right of protection afforded individuals thereafter employed in positions which at the time of such referendum were covered by such retirement system will not be less, as a result of such agreement or legislative enactment in anticipation thereof, than those previously provided under such retirement system.

(2) (a) No agreement with any State may include provisions covering positions covered by a retirement system in effect on the date the agreement is entered into, unless the State requests such inclusion, and the Governor of the State certifies to the Administrator that the following conditions have been met: (A) A written referendum, on the question whether services in positions covered by such retirement system should be excluded from or included under the agreement, was requested in a petition signed by at least one-third of the employees who were in such positions on the date of the petition. (B) Such referendum was held by secret ballot within the period prescribed in paragraph (4) of subsection (3) of this section. (C) An opportunity to vote in such referendum was given (and was limited) to the employees who were in positions at the time the referendum was held. (D) Ninety days' notice of such referendum was given to all such employees. (E) Such referendum was conducted under the supervision of the Governor, or of an appropriate official of the State or of the retirement system designated by him. (F) Not less than three-fourths of the voters, and two-thirds of the individuals eligible to vote, in such referendum voted in favor of the agreement in such positions under the agreement.

This subsection shall not be construed to apply to: (a) any State which by State initiative or conduct such referendum, nor, if such referendum is conducted and the result is in accordance with the conditions specified in subparagraph (F), that services in positions covered by such retirement system be included in the agreement; and the Governor of the State certifies to the Administrator that the following conditions have been met: (A) A written referendum, on the question whether services in positions covered by such retirement system be included in the agreement, and the Governor of the State certifies that the agreement shall not be less, as a result of such agreement or legislative enactment in anticipation thereof, than those previously provided under such retirement system."

Mr. KILGORE. I desire to make a brief explanation of the amendment, in lieu of having it read in full.

The VICE PRESIDENT. The Senator is recognized for 5 minutes.

Mr. KILGORE. Mr. President, my amendment F to the Senate committee's version of H. R. 6000 would add to the bill provisions of the House version concerning coverage of State and local government employees who are covered by retirement systems, with the following changes:

First. A declaration of congressional policy is included to indicate that it is the intent of the Congress that existing retirement systems be impaired.

Second. A referendum concerning coverage could be held only at the written request of one-third of the employees of the retirement system who are included under the agreement.

Third. Ninety days' advance notice of the referendum would have to be given.

Fourth. The referendum would have to be by secret ballot.

Fifth. Two-thirds of those eligible to vote and 75 percent of the entire group voting, would have to vote in favor of coverage.

Sixth. Language is included to make it clear that no action at all need be taken to conduct a referendum or to cover retirement systems under the agreement, if the State does not wish to do so.

Mr. President, I have been trying for a number of years to protect State and sub-State group retirement systems from the threat of invasion by the Federal law, and this amendment would provide a Federal policy which would permit each State to determine what it is going to do, leaving it up to the employees, who, by a two-thirds vote of 75 percent of the entire group, could decide in favor of utilizing the Federal retirement system.

Mr. MAGNUSON. Mr. President, I offer a substitute amendment for the amendment of the Senator from West Virginia. It is my amendment E.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Washington to the amendment of the Senator from West Virginia.

The LEGISLATIVE CLERK. It is proposed, on page 292, line 17, before the period, to insert a comma and the following: "unless such agreement as to terms and conditions of such provisions as the Administrator may determine to be appropriate to assure, so far as it is practicable and feasible to do so, that such retirement system will not be reduced or impaired, or made inapplicable to members of such coverage group or that the benefits provided under such retirement system will not be reduced."
Mr. MAGNUSON. Mr. President, I do not offer this amendment as a substitute for the amendment of the Senator from West Virginia, because I am opposed to his amendment, but I think my amendment is a much better solution of the problem which the Senator from West Virginia and other Senators, including myself, desire to solve.

There are approximately 1,400,000 persons in the United States under municipal and local subdivisions of government having pension systems, and they would not want to come under a Federal pension system if that system would impair their present local system. In many cases, as the Senator from West Virginia has pointed out, the Federal system will be worse than the present system because it would not be as good. The House bill provides that by a two-thirds vote they may come under the Federal system.

Mr. KILGORE. If 75 percent of them vote for it, I will accept it.

Mr. MAGNUSON. Yes. The Senate version has no provision whatsoever for employees under municipal pension systems coming under the provisions of the bill. But the Senator from West Virginia, if the Administrator can work out a satisfactory agreement with the local government or the local units of government, employees may be permitted to come under the Federal system. I think that is a sensible way to approach the problem.

I have been in contact with most of the units of municipal and State employees to this provision, and they are pretty much in agreement with my amendment. I think it is a good amendment. I hope the Senator from Georgia [Mr. GORZEL] will take it to conference, because the House bill provides for something which is somewhat similar to that which is provided by the amendment offered by the Senator from West Virginia. But the employees have no greater privileges than are now given to those who have private pension systems in industry.

I hope my amendment will be agreed to so that it will be taken to conference.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. KILGORE. I merely want to say to the Senator that I think we are both driving in the same direction. If the Senator from Washington can say that his amendment will give as complete satisfaction to employees as would the amendment which I have offered, I would have no opposition to it whatever. My amendment would simply put the question up to the employees themselves, the employees as a whole. The amendment offered by the Senator from Washington would put it up to a State official in charge of the work in the State. Both amendments aim at the same objective. I happen to believe in the democratic way of leaving it to the people, but I think that the amendment which I have offered would be much better.

Mr. MAGNUSON. Mr. President, I am sure it can be worked out, because the House bill now provides for a two-thirds vote. The people whom I have contacted who represent municipal employees seem to think that if this flexibility is placed in the hands of the Administrator, where pension systems of the various subdivisions are such that they would like to come under the Federal system, they can work out a satisfactory agreement.

I hope my amendment will be adopted.

Mr. KILGORE. Mr. President, I ask unanimous consent to have placed in the Record following my remarks on my amendment a letter and a telegram pertaining to this subject.

There being no objection, the letter and telegram were ordered to be printed in the Record, as follows:

WASHINGTON FEDERATION OF STATE, COUNTY, AND CITY EMPLOYEES, Olympia, Wash., May 19, 1950.

HON. WARREN G. MAGNUSON, Senate Office Building, Washington, D. C.

DEAR SENATOR MAGNUSON: In previous correspondence with you, you are acquainted with the position of the Washington Federation of State, County, and City Employees, and are aware of the fact that the Senate Finance Committee eliminated from the provision in H. R. 2893, passed by the House in the Eightieth Congress, that completely excluded public employees already in an existing local system. Largely through the efforts of our international, the current social security measure as it was transmitted to the Senate Finance Committee by section 218 (d) of the House bill, which would require a referendum vote among members of an existing retirement system, and a two-thirds favorable vote in such a referendum before such members could be accepted into social security. Our organization highly favored this provision.

However, considerable opposition developed from other States, and from groups that believe that all public employees, as well as the beneficiaries of public employees to this provision, with the result that the Senate Finance Committee eliminated the provision and substituted the same obnoxious provision contained in H. R. 2893. Our International was in session in its biennial convention at Olympia late last month, and at the time of this correspondence, the bill had reached the Senate Finance Committee. The Senate Finance Committee sounds the death-knell to all hopes of ever securing adequate retirement benefits for public employees of this State. Therefore, we feel that it is imperative that you give this matter your most careful consideration, as I am sure every public employee and every public official in this State is interested in securing adequate retirement benefits for public employees of this State.

Our proposed amendment so completely protects existing retirement systems that any opposition to this amendment is only from those who are opposed to any increase in retirement benefits for our public servants.

With kindest personal wishes, I am,

Respectfully yours,

MARK WIEHAN, Chairman of Retirement Committee, Washington Federation of State Employees, also Assistant Executive Secretary, Washington State Employes Retirement System.


Senator WARREN G. MAGNUSON, Senate Office Building, Washington, D. C.

Re H. R. 6000. We urge you actively oppose Senator Knowland's amendment. We further urge you continue your fine working support of this bill as passed by the House. We believe provisions for protection against permanent and total disability should be restored. In addition to broadening of coverage and liberalization of benefits, we also urge your support of the amendement for voluntary coverage of State, county, and other public employees. For example, as an amendment to another retirement system. We also authorize you to state that Senator Cain does not speak for the Federation and that he did not write us a letter asking our opinion even though we represent the largest group of organized labor in the State of Washington.

Mr. CAIN. Mr. President, Washington State Federation of Labor.

Mr. LEHMAN. Mr. President, it is with great regret that I rise to oppose the amendment offered by my good friend from West Virginia. I find myself on a side different from that supported by the distinguished senior
Senator from West Virginia, especially on social questions.

The VICE PRESIDENT. Under the unanimous consent agreement, the Chair must recognize the President of the amendment and then the chairman of the committee, in opposition. The Chair cannot recognize Senators in their own right in opposition to amendments.

Mr. MAGNUSON. Mr. President, I yield the remainder of my time to the Senator from New York.

The VICE PRESIDENT. The Senator has 1 minute remaining.

Mr. LEHMAN. Mr. President, on this question, however, I have evidence that it is the unanimous desire of the public employees in my State, who are covered by retirement systems, to be excluded from coverage. They are opposed to referendum proposals of any kind for reasons which are sound but too technical to go into in the limited time available to me.

Mr. MAGNUSON. Mr. President, will the Senator yield at that point?

Mr. LEHMAN. I yield.

Mr. MAGNUSON. That is true of most of the municipal employees who have pension systems. But the amendment now before the Senate would not hurt them at all.

Mr. LEHMAN. I shall bring that out.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. GEORGE. Mr. President, do I have 5 minutes on the amendments which have been offered?

The VICE PRESIDENT. The Senator has 4 minutes left.

Mr. GEORGE. On both amendments?

The VICE PRESIDENT. On the Magnuson amendment.

Mr. GEORGE. Mr. President, I merely want to say that if there is any question about the desirability of this amendment, let me simply ask him this question:

Should one State of the Union which has been excluded from the basic law a provision for ultimate integration between the State retirement set-up and the Federal system—should that one State be penalized by having its 30,000 covered individuals denied the right of supplementary Federal coverage?

WHY PENALIZE WISCONSIN FORESIGHT?

I should like to point out very briefly that upon the decision of the Senate in accepting or rejecting this amendment will depend the fate of some 30,000 individuals, their survivors, and dependents. If any of my colleagues have any question about the desirability of this amendment, let me simply ask them this question:

Mr. BUTLER. Mr. President, it had been my intention to offer an amendment in the nature of a substitute, on a stopgap basis. However, after conversation which has been held this afternoon with reference to one or two other proposals which are in the planning stage, I am inclined not to offer my amendment, with the understanding, however, that the distinguished leadership of the Committee on Finance will make the plan contemplated by it one of their special studies during the next 2-year period.

Mr. MILLIKIN. Mr. President, I believe the substance of the Senator's proposed amendment will receive close scrutiny by the committee, and for that reason I suggest that he would be making an appropriate decision if he were not to press his amendment.

Mr. BUTLER. With that understanding, Mr. President, I shall not offer my amendment.

Mr. WILEY. Mr. President, I call up my amendment 6–19–50–I.

The VICE PRESIDENT. The amendment to the amendment was rejected.

The VICE PRESIDENT. The amendment was rejected.

The VICE PRESIDENT. The amendment was rejected.

The VICE PRESIDENT. The amendment was rejected.

The VICE PRESIDENT. The amendment was rejected.
which we have taken in providing that, for example, the employees of the Ford Motor Co. should receive supplementary coverage—their private pensions plus a Federal pension. The employees of the General Motors Co., of Chrysler, and of other major American corporations receive both private pensions and Federal pensions. Why, then, should we deny the Wisconsin retirement fund covering individuals in 76 Wisconsin cities, 15 villages, 37 counties, and 53 other local government units the right to have it there appear to have been covered at the time the Federal-State agreement for integration will have been made?

WHAT COMMITTEE PROVIDED

Note that point, gentlemen. What the Senate Finance Committee in effect says in its present version is that the Federal and State Governments can make agreements for integration between their specific retirement systems, provided that the agreement does not include any retirement system at the time the agreement is made applicable to the coverage group.

I am reading that from page 6 of a summary prepared by the Senate Finance Committee itself.

Mr. KILGORE. Mr. President, will the Senator yield for a question?

Mr. WILEY. I should like to carry on with my statement.

The PRESIDENT pro Tempore. The Senator yields.

Mr. WILEY. In other words, what we are asking for is an arrangement for coverage of individuals now covered, rather than simply coverage of individuals who may in the future be covered by a State retirement system and consequently, by the Federal social-security system.

NO OPPOSITION IN WISCONSIN

I have indicated that I have received no single opposition from anywhere in Wisconsin to my proposals.

No teacher, no policeman, no fireman opposes the integration of the Wisconsin retirement fund, with the Federal social-security system. There is no reason for any such opposition because the teachers, for example, have a completely separate retirement system, wholly separate from the Wisconsin retirement fund.

NO OPPOSITION OUTSIDE WISCONSIN

In the same manner, this integration which I am proposing and which my colleagues, the junior Senator [Mr. McCarthy] is proposing does not adversely affect any teacher, policeman, or fireman in any of the other 47 States of the Union.

The Social Security Administration has no objection to it. We have received support for this amendment from as far away as the great Empire State of New York. I am glad to acknowledge the gracious approval of the junior Senator [Mr. Lehman].

WE MUST NOT PENALIZE FORESIGHT

In summary, Mr. President, I repeat—shall the one State in the Union which has enough foresight to provide for ultimate integration—shall this one State and its 30,000 covered employees be left out in the cold merely because they were wise enough 7 years ago to foresee that the modest State pensions would be wholly inadequate to meet the needs of retired individuals, their survivors and dependents?

Let me point out lastly that two out of three individuals now covered by the Wisconsin retirement funds and now past the age of 65 still have not retired. Why? Because, as I stated yesterday, these individuals receive so pitifully small a pension that they cannot possibly survive on it. Only by expanded coverage can they hope to make ends meet. I urge my colleagues, accordingly, to approve this amendment in the interest of 30,000 humble individuals of my State.

Mr. President, I ask unanimous consent to have inserted in the Record at this point questions and answers on my amendment to H. R. 6000, which I have prepared, together with data with respect to typical retirement annuities.

There being no objection, the questions and answers and the data were ordered to be printed in the Record, as follows:

QUESTIONS AND ANSWERS ON AMENDMENT TO H. R. 6000 BY SENATOR WILEY

1. Question. Do I understand correctly that the amendment will not in any way affect the individuals under this system in my State who are vigorously objecting to integrating this system with social security?

Answer: Yes, that is entirely correct. I have been informed by a representative of the Commissioner for Social Security that the Wisconsin retirement fund is apparently the only system which could qualify under this amendment. The provision for integrating the Wisconsin retirement fund with social security has been in the Wisconsin law since the system was first established by the 1943 Wisconsin Legislature. There is complete agreement on this amendment on the part of the:

(a) The State legislature.

(b) The city council, county boards, village boards, and school boards under the system.

(c) The employees who will benefit from such integration.

2. Question. Are we to understand, then, that under the Wisconsin law that the existing system will not be abandoned?

Answer: Yes; this Wisconsin law provides for automatically transforming the existing system into a supplementary system, just as has been done in the case of many retirement systems in business and industry.

3. Question. The National Education Association has indicated strenuous objection to integration. How will this amendment affect that situation?

Answer: The Wisconsin Education Association has taken no position on H. R. 6000, and the last issue of their official Journal carried articles pro and con on this matter. However, this amendment does not affect the teachers' retirement system nor does it affect any other retirement system, such as those for policemen, firemen, Milwaukee city and county employees, etc. Indeed, it affects only the 30,000 persons under the Wisconsin retirement fund who desire this integration and for whom provision has been made ever since the system was just created.

TYPICAL RETIREMENT ANNUITIES UNDER THE WISCONSIN RETIREMENT FUND ONLY AS COMPARED WITH THE COMBINED BENEFITS IF THE WISCONSIN RETIREMENT FUND IS INTEGRATED WITH SOCIAL SECURITY

(Assume a life income of $2,700 for an individual with a wife and 2 children.

EXAMPLE I

Assumption: In private employment prior to 1936. Receives credits under Wisconsin Retirement Fund from January 1, 1936:

A. Benefits per month under Wisconsin retirement fund only for retirement Dec. 31, 1955, at age 65...... $59.29

The widow would receive no annuity in case of his death.

B. Benefits if the Wisconsin retirement fund is integrated with social security as provided by amendment proposed by Senators Wiley and McCarthy:

- Annuity from Wisconsin retirement fund ------------------ $85.72
- Worker's annuity from social security ------------------ 68.75
- Wife's annuity from social security ------------------ 34.38

Combined income --------------------------------- 188.85

Upon death of annuitant, widow would receive $51.56 per month from social security.

EXAMPLE II

Assumption: Credits under Wisconsin retirement fund from January 1, 1921, to retirement on December 31, 1955, at age 65:

A. Benefits under Wisconsin retirement fund only ------------------ $112.50

The widow would receive no annuity in case of his death.

B. Benefits if Wisconsin retirement fund is integrated with social security:

- Annuity from Wisconsin retirement fund ------------------ 112.50
- Worker's annuity from social security ------------------ 66.75
- Wife's annuity from social security ------------------ 34.38

Combined income --------------------------------- 213.63

Upon death of annuitant, widow would receive $51.56 per month from social security.

EXAMPLE III

Assumption: Credits under Wisconsin retirement fund from January 1, 1951, to retirement on December 31, 1955, at age 65:

A. Benefits under Wisconsin retirement fund only ------------------ $112.50

The widow would receive no annuity in case of his death.

B. Benefits if Wisconsin retirement fund is integrated with social security:

- Annuity from Wisconsin retirement fund ------------------ 112.50
- Worker's annuity from social security ------------------ 66.75
- Wife's annuity from social security ------------------ 34.38

Combined income --------------------------------- 213.63

Upon death of annuitant, widow would receive $51.56 per month from social security.

Mr. WILEY. Mr. President, the State of Wisconsin, by act of its legislature, approved by the Governor, wrote into its
congressional record—senate 8970

1950

Congressional Record—Senate

1950

basic retirement law in 1943—and Wiscon

sin was the only State to do so—that the

Wisconsin retirement fund was designed
to serve as a supplement to the Federal
social-security system whenever the Federa
Government decided to broaden coverage to
include State and local workers.

Under this statute, 30,000 individuals
are now covered by the Wisconsin re-

tirement fund.

However, the Senate Finance Com-
mittee version of H. R. 6000 provides that
any Federal-agreement for coverage
of State and local workers shall not be
allowed to include any group of work-
ers covered by a State or local retire-
ment system at the time the Federal-
State agreement is made.

The PRESIDING OFFICER. The
time of the Senator from Wisconsin has
expired.

Mr. LEHMAN. Mr. President, will the
Senator yield?

Mr. WILEY. Just a moment; we are
running against time.

Let me summarize. The State of Wis-
consin, by its legislature, approved by its
governor, wrote into its basic retirement
law in 1943—and it was the only State that
did so—that the Wisconsin retirement
fund was to serve as a supplement to the
Federal social-security system whenever the Federal
Government decided to broaden coverage to
include State and local workers.

The VICE PRESIDENT. The Sena-
tor’s time has expired.

Mr. GEORGE. The Senator from Wis-
consin please explain, but not too
fast, as he has been talking in the past,
racing against time. It was, whether the
Senator from Wisconsin desires to
add the retirement pay to the total amount
paid by the Federal Government, whether it is
augmentation or integration.

Mr. WILEY. If the Senator from
Georgia will yield, I placed the figures in
the Record, and I do not have them at
hand at present.

Seven years ago the State of Wiscon-
sin passed its law, having in mind that
eventually under the Federal system we
would have the right to integrate the two
systems. The bill as it is before the Senate
now is to integrate existing State
retirement systems. It is therefore un-
fair to those people under Wisconsin law,
which showed foresight and vision.

The States which make agreements in
the future can come into it. We ask that
the law be made retroactive, so that this
group of 30,000 citizens, will not be prej-
udiced.

Mr. KILGORE. Mr. President, will
the Senator from Georgia yield further?
Mr. GEORGE. I cannot yield. I have
but 2 minutes left in which to make a
statement.

The Wisconsin case is no different
from any other case, except that prior to
the consideration of the pending bill
the State of Wisconsin had taken some
legislative action. But if we are to per-
mit this to apply, namely, a 1-percent addition for
all the State retirement systems with the Federal sys-
tem, and all the States do that, the
burden will be thrown onto the Federal
Government. Do Senators want to do
that? It is now the only way that State
will get a better shape than the Federal
Government to carry this burden? The major-
ity of those under retirement systems in
all the States are satisfied, and do not
want to have their systems brought un-
der the control of a bureau in Washing-
ton.

Mr. KILGORE. Will the Senator
yield?

Mr. GEORGE. I have not any time
left, so far as I know. I hope the Senate
will reject the amendment.

The PRESIDING OFFICER. The
question is on agreeing to the amend-
ment offered by the Senator from Wis-
consin (Mr. WILEY).

The amendment was rejected.

Mr. MYERS. Mr. President, I call up
my amendment B.

The PRESIDING OFFICER. The
clerk will state the amendment.

The LEGISLATIVE CLERK. On page
267, line 3, after the word “be,” it is proposed
to insert “the sum of the following: (A).”

On page 267, line 5, to strike out the
period and insert in lieu thereof a com-
ma and the following:

(E) an amount equal to one percent of
the amount computed under clause (A) mul-
tiplied by the number of years prior to 1951
in which $200 or more of wages were paid to
such individual, and (C) an amount equal
to one-half of one percent of the amount com-
puted under clause (A) multiplied by the
number of years after 1950 in which the
sum of the wages paid and the self-employment
income derived by such individual was
$200 or more.

On page 273, beginning with line 10,
to strike out all down to and including
line 13 and insert in lieu thereof the follow-
ing:

(C) With respect to calendar years after
1950, the 1 percent addition provided for in
section 209 (e) (2) of this act as in effect
prior to the enactment of this section shall
be one-half of one percent and shall be made
with respect to any such year in which the
sum of the wages paid and the self-employment
income derived by the individual was
$200 or more.

Mr. MYERS. Mr. President, this is
the amendment known as the increment
amendment, or the half of 1 percent for
myself and 12 other Senators. The junior
Senator from Illinois (Mr. Dow-
las) also sponsored the amendment, and
I therefore yield to him at this time.

Mr. DOLAS. Mr. President, I hope
it will not seem ungracious if we offer
this amendment. For, before I speak on
it, I wish to say that we all are very much
indebted to the Committee on Finance
for the hard work they have done and for
the bill they have brought in. In gen-
eral, it is a very excellent bill, but we
do believe that it can be improved, par-
ticularly in the matter of the so-called
increment, for length of contributions.

The present law provides that benefits
shall be increased by 1 percent for each year
of contributions and coverage. The bill
proposed introduces a bill that
shall increase benefits to one-half of 1 percent.
The draft of the Senate committee completely
abolishes this increment.

The proposal of the distinguished Senator
from Pennsylvania is that for the years which have elapsed up through 1950 the present provision shall apply, namely, a 1-percent addition for each year of coverage, thus continuing the present law up to this date, but that for the years after 1950 the House provi-
sion, of an increment of one-half of 1
percent for each year of coverage, shall apply.

Mr. President, the bill reported by the
committee virtually abolishes any con-
nection between the total amounts con-
tributed by the insured persons and the total
benefits paid to those insured per-
sions. All connection between those two
is virtually eliminated.

Let me give an illustration. Suppose
there are two insured persons, one, A, and
another B. A has contributed or will contribute for 40 years at an average
wage of $200 a month, while B ac-
quires eligibility in six quarters, at the
same average of $200 a month.

Their average wage during the period of
coverage is indeed the same. But one
is a young man who pays contributions for 40 years while the second is a man 63 years old who gets in under the system in six quarters and pays contributions for only that time.

The first man over the course of his working life will have paid contributions on total wages of $96,000—that is, $2,400 times 40—at an average rate, let us say, of 2 percent. He will himself have paid $1,920 in contributions, and his employer will have added an equal amount. The total contributions for the former man over his insured life will have been $3,840. The total contributions for B in six quarters, at average wage of $200 a month, will have been only $72, and with the $72 of contributions his employer will make, a combined total of only $144. This is only one-twenty-seventh of the contributions the 40-year man will have made and had made for him. Yet the two men under the committee proposal would receive absolutely the same monthly benefit, namely, $85 a month.

Mr. President, a system of social security cannot be created without consideration of need which a private system of insurance cannot, but it should not be entirely based on need. We should make the system one that is partially contributory for a longer period of time and contributing more shall receive a higher benefit. Otherwise we are throwing over completely the principle of insurance, and making the basis purely need and purely assistance.

Mr. President, I hope that the Myers amendment may be agreed to.

Mr. DOUGLAS. Mr. President, the Senate Committee on Finance changed the present title of the law, those who qualify under the old-age and survivors insurance formula by taking 50 percent of the first $100 and 15 percent of all over and above that. What does that mean? What is the situation? The Senate Committee on Finance changed the present benefit formula by taking a new start so as to enable old people to come into this system by working a comparatively few quarters, and qualifying for benefits, that is held up as an argument why this increment should be continued in the act. We are doing more now than the House bill does. We did more than the House bill did for the next few years, even on the wage base of $3,600, and as against $3,600 in the House bill. The $1,920 was only one-fourth as great as the $80 in the Myers amendment, which we are trying to give to the old people and also add this increment provision. They were trying to bring their benefit payments up and also increased the base. We will not obtain both. You can have your increment if you want it, because there are people who are demanding it, but you can give the aged people real benefits by holding to the benefit formula which we have inserted in the bill. As a practical matter you will not obtain both. You cannot expect to obtain both.

Here is a provision for $80 per month for the aged person drawing a pension having had the benefit of the increment over a lifetime in industry? If we assume that the future trend of real wages tends to be equal to the increase in money wages over the next 30 years or an increase of 2 percent per year compounded. If this happens, then since the benefits on the upper increments of covered earnings are less than the contributions paid on them, we may expect a further saving. The $200 a month or $2,400 a year man under the Senate formula gets $35 a month and the $300 a month man gets $60. In other words, increasing incomes and contributions by 50 percent only increases benefits by 23 percent.

It is quite possible, therefore, that the amount of the increment proposed in the Myers amendment will not cost any more money. If it should, however, we are willing to have the joint contributions increased, but do not see how it would be more than by one-fourth of a percent on each party. In view of these estimates of increasing receipts, therefore, I hope the Senate will adopt the Myers increment amendment.

Mr. DOUGLAS. Mr. President, will the Senate Committee on Finance make any amendment, Mr. President?

The PRESIDING OFFICER. Mr. President, the Senate Finance Committee, in answer to a question from Mr. DOUGLAS, offered the following reply:

Mr. DOUGLAS. Mr. President, the Senate Finance Committee did precisely what the Senator from Georgia said, namely, it diminished the amount the long-time contributors would receive and increased the benefits of short-time contributors. And it is true that the amendment would cost about nine-tenths of 1 percent.

The Senator from Georgia, however, ignores the fact that the House already increased the wage base to $3,600, which will save one-sixth of 1 percent. In view of these estimates of increasing receipts, therefore, I hope the Senate will adopt the Myers amendment.

Mr. DOUGLAS. Mr. President, do we have any more time left on our side?

The PRESIDING OFFICER. The proponents have 1 minute.

Mr. DOUGLAS. Mr. President, the Senate committee did precisely what the Senator from Georgia said, namely, it diminished the amount the long-time contributors would receive and increased the benefits of short-time contributors. And it is true that the amendment would cost about nine-tenths of 1 percent.

The Senator from Georgia, however, ignores the fact that the House already increased the wage base to $3,600, which will save one-sixth of 1 percent, and that furthermore, money wages in the past have increased at the rate of 2 percent a year, whereas the actuarial basis followed by the committee in estimating receipts under this provision is a constant base of $2,400.

We may expect on the basis of the past a further 2 percent a year in covered earnings and in contributions per worker. This will increase the revenue by more than the added costs so that in all probability this extra cost of the increment can be defrayed out of these other savings.

Thus in the 28 years since then, money wages have nearly doubled again. Interestingly enough, the increase in long periods of time such as a half century tends to be equal to the increase in real wages.

On the whole, therefore, it would seem that the way to make the present dollar increases in money wages over the next 30 years or an increase of 2 percent per year compounded. If this happens, then since the benefits on the upper increments of covered earnings are less than the contributions paid on them, we may expect a further saving. The $200 a month or $2,400 a year man under the Senate formula gets $35 a month and the $300 a month man gets $60. In other words, increasing incomes and contributions by 50 percent only increases benefits by 23 percent.

It is quite possible, therefore, that the amount of the increment proposed in the Myers amendment will not cost any more money. If it should, however, we are willing to have the joint contributions increased, but do not see how it would be more than by one-fourth of a percent on each party. In view of these estimates of increasing receipts, therefore, I hope the Senate will adopt the Myers increment amendment.

Mr. GEORGE. Mrs. Presiding, do you have any time remaining, Mr. President?

The PRESIDING OFFICER. Yes; 2 minutes.

Mr. GEORGE. Mr. President, I think it is best to call an economist also as a witness, since an economist appears on the other side. I call none other than Dr. Sliechter, of Harvard, one of the most eminent economists of the country. When this very question was before the Senate Finance Committee, in answer to a question from me—

Would you care to comment on that now? If so, we would be glad to hear you—

He made the following reply:

Dr. SLICHTER. see no reason why I should not make a view in this matter. I feel it would be preferable to pay more adequate pensions now rather than to get up to some notion of adequacy 20 or 30 years from now by the method of an increment. If you put an increment into the formula and you say this formula, including the increment, will give an adequate pension, you are really saying—are you not—that adequate pensions according to your standards, whatever the standard may be, will not be attained until 30 or 40 years from now, until the average person drawing a pension has had the benefit of the increment over a lifetime of employment in industry? If we assume that a lifetime of employment in industry is in the neighborhood of 40 years, it would mean that adequate pensions by whatever standard you accept will not be attained until the age of 80.
Mr. IVES. Mr. President, I send to the desk an amendment, which I ask to have stated on the calendar:

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 374, between lines 3 and 4, it is proposed to insert the following:

**INCOME-TAX EXEMPTION WITH RESPECT TO $3,000 OF GOVERNMENTAL PENSIONS, RETIRED PAY, OR ANNUITIES**

Sec. 210. (a) Section 22 (b) (2) of the Internal Revenue Code (relating to annuities, and so forth) is amended by inserting at the end thereof a new subparagraph to read as follows:

"(C) Pensions, retired or retirement pay, and annuities.—In the case of amounts received from the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing, as a pension, retired or retirement pay, or as a retirement annuity, so much of such pension, pay, or annuity received during the taxable year as does not exceed $3,000 shall be excluded from gross income. For the purpose of this subparagraph the term 'State' includes a Territory, a possession of the United States, and the District of Columbia.

For the purposes of this subparagraph the amount received as an annuity which is excluded from gross income under this subparagraph shall be deemed to require the inclusion in gross income of any amounts received as an annuity which are excluded from gross income under this chapter. Nothing in this subparagraph shall be deemed to require the inclusion in gross income of any amounts received as an annuity which are not required to be included from gross income under this chapter.

"No state of order is that it is not germane to the social-security bill.

Mr. IVES. Mr. President, will the Chair rule on the point of order?

The PRESIDING OFFICER. The Chair was about to rule.

Under the unanimous-consent agreement, that amendments not germane shall not be considered, a point of order can be raised against such amendments. When such a point of order is raised, it is submitted to the Senate to decide whether the amendment is germane. The Senator from New York was heard. If the Senator wishes the question whether his amendment is germane to be submitted to the Senate, he may have it submitted.

Mr. IVES. Mr. President, in view of the fact that the Senator from New York feels that the amendment is a rather important one, and in view of the fact also that the Senator from New York feels that the amendment is germane to the bill, and, subject, the Senator from New York would like to have the question submitted.

The PRESIDING OFFICER. The question submitted to the Senate is, is the amendment offered by the Senator from New York germane? [Putting the question.] The "noes" have it, and the amendment is held not to be germane.

Mr. IVES. Mr. President, I ask unanimous consent to have incorporated in the body of the Record at this point a statement I have prepared in support of the amendment which was just now declared to be non-germane. There being no objection, the statement was ordered to be printed in the Record, as follows:

**STATEMENT BY SENATOR IVES ON INCOME TAX**

The amendment made by this section shall be applicable only with respect to taxable years beginning after December 31, 1950.

Mr. GEORGE. Mr. President, while I dislike to do so, I must raise a point of order against the amendment. The point of order is that it is not germane to the social-security bill.

Mr. IVES. Mr. President, will the Senator withhold his point of order for a moment?

Mr. GEORGE. I withhold it for the moment.

Mr. IVES. In that connection, the Senator from New York would like to point out that the amendment is an amendment to the committee amendment of section 1631 of the Internal Revenue Code, as indicated on page 372 of the bill. Otherwise the Senator from New York would not have offered it.

Mr. GEORGE. To what language of which the Senator refers does not deal at all with old-age and survivors insurance or with the Social Security Act. The amendment is not germane to the bill. When the amendment was taken up, and the amendment that was entered into was agreed that no amendment not germane to the bill would be pressed.

Mr. IVES. Mr. President, I recognize that the point of order now exists, but I still think it is debatable. The Senator from New York would still point out that this is an amendment to the Internal Revenue Code, which is mentioned in the bill, and it is not applicable perhaps to social security, it is applicable generally to pensions, with which social security itself deals.
under Senate Resolution 300, which was agreed to by the Senate this afternoon.

The PRESIDING OFFICER.
The question is on agreeing to the amendment of the Senator from Washington.
The amendment was agreed to.
Mr. MYERS. No, Mr. President. I call up my amendment D, submitted on June 16. It is the so-called total and permanent disability amendment.

The PRESIDING OFFICER. The amendment is a long one. Does the Senator from Pennsylvania desire to have it read in full?
Mr. MYERS. No, Mr. President. I ask that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, that will be done.
The amendment submitted by Mr. MYERS, for himself, Mr. GREEN, Mr. HUMPHREY, Mr. KILGORE, Mr. LEHMAN, Mr. MURRAY, Mr. MORSE, Mr. NEELY, Mr. PEPPER, and Mr. THOMAS of Utah, is as follows:

On page 265, line 14, after the word "benefits" and before the word "shall," insert "for a period of 12 quarters.

On page 265, line 19, strike out "215" and insert in lieu thereof "221."

On page 265, lines 1 and 5, after the word "and" insert "as well as." and insert in lieu thereof quoted clause.

On page 265, line 8, strike out "215" and insert in lieu thereof "221."

On page 265, lines 19 and 20, strike out "219" and insert in lieu thereof "221."

On page 266, between lines 23 and 24, insert the following:

"(ii) no quarter any part of which is included in a period of disability (as defined in section 215 (i)) other than the initial or last quarter, shall be a quarter of coverage."

On page 266, line 24, strike out "(ii)" and insert in lieu thereof "(iii)."

On page 266, line 1, strike out "clause (I)" and insert in lieu thereof "clauses (I) and (ii)."

On page 266, line 3, strike out "(iii)" and insert in lieu thereof "(iv)."

On page 266, line 7, after "shall," insert "subject to clauses (I) and (ii)."

On page 266, line 8, strike out "(iv)" and insert in lieu thereof "(v)."

On page 266, line 20, strike out "or."

On page 266, strike out line 8, and insert in lieu thereof:

"Twenty quarters of coverage within the 40-quarter period ending with the quarter in which he attained retirement age or with any subsequent calendar quarter ending with the quarter in which he died, or (C) forty quarters of coverage; not counting as an elapsed quarter for purposes of subparagraph (A), and not counting as part of the 40-quarter period referred to in subparagraph (B), any quarter any part of which is included in a period of disability (as defined in section 215 (i)) unless such quarter is a quarter of coverage."

On page 266, line 10, strike out "or (2) (A)" and insert in lieu thereof "or in clause (b) or (c) of section 215 (a)."

On page 266, between lines 11 and 12, insert the following:

"(A) an individual upon attainment of retirement age is not, under paragraph (a), a fully insured individual but (were it not for his attainment of retirement age) would have been entitled to disability insurance benefits for the month in which he attained retirement age or for any subsequent month, he shall be a fully insured individual beginning with the first month for which he would have been so entitled to disability insurance benefits. For the purpose of determining whether an individual would have been so entitled to disability insurance benefits, his application for old-age insurance benefits with respect to which he had filed application prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the sixth month succeeding such application; except that the provisions of this paragraph shall not apply for purposes of determining a period of disability (as defined in subsection (1), or when a disability determination date occurred.

A period for which an application for disability insurance benefits filed prior to 7 months before the first month for which the applicant becomes entitled to receive such benefits shall be treated as an application for purposes of this section.

"Determination of insured status"

"(b) An individual is insured for purposes of disability insurance benefits if he has not less than:

"(1) six quarters of coverage (as determined under section 213 (a) (2)) during the period of the 40-quarter period referred to in subsection (b) of section 215 (1) unless such quarter is a quarter of coverage, and

"(2) twenty quarters of coverage during the period of the 40-quarter period referred to in subsection (b) of section 215 (1) unless such quarter is a quarter of coverage of which his disability determination date occurred.

In case such individual was previously entitled to disability insurance benefits, the quarters not included in the period referred to in paragraph (1) and any quarter any part of which was included in a period of disability unless such quarter is a quarter of coverage shall be excluded from the count of the quarters in each period specified in paragraphs (1) and (2) any quarter any part of which was included in a period of disability shall not apply for purposes of determining a period of disability (as defined in subsection (i)), or when a disability determination date occurred.

"Disability determination date"

"(c) An individual's disability determination date shall be whichever of the following days is the least:

"(1) The first day of the thirteenth month prior to the month in which he filed such application;

"(2) June 30, 1961; or

"(3) The first day of the thirteenth month prior to the month in which he filed such application;

"(4) The first day of the thirteenth month prior to the month in which he filed such application;

"Determination of disability"

"(d) The Administrator shall make adequate provision for determination of disability, and remittances thereof at necessary intervals; he shall provide for such examination of individuals as is necessary for purposes of determining eligibility for receipt of disability insurance benefits."

"Conditions of entitlement"

"Sec. 12. Title II of the Social Security Act is amended by adding after section 218 (added by section 105 of this act) the following:

"PERMANENT AND TOTAL DISABILITY INSURANCE BENEFITS"

"Conditions of entitlement"

"(1) under section 219 (a) (1) every permanently and totally disabled individual (as defined in subsection (b) who-

"(a) has not attained retirement age; and

"(b) has filed application for disability insurance benefits; and

"(c) is insured for disability insurance benefits; and

"(d) has been under a disability throughout the period since he became entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period 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 occurred: he ceased to be permanently and totally disabled, he restarted his age, he no longer has such condition, or he attained age."

The amendment was agreed to.

Cooperation with agencies and groups

(g) The Administrator is authorized to secure the cooperation of appropriate agencies of the United States, of States, or of one or more States, and the cooperation of private medical, dental, hospital, nursing, health, educational, social, and welfare groups or organizations, and where necessary to enter into voluntary working agreements with any of such public or private agencies, organizations, or groups in order to utilize more efficiently the services made available under this section.

Definitions of "disability" and "permanently and totally disabled individual"

(1) The term "disability" means (A) inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which results in the person's being unable to perform one or more of the basic vocational activities of life, such as making a centralized visual act of 5/200 or less.

(2) the term "blindness" means central visual scuity of 5/200 or less in the better eye, with or without correction, in which the visual field is reduced to five degrees or less in a central area.

C Termination of entitlement to benefits by Administrator

(c) In any case in which an individual fails to submit himself for examination in accordance with regulations of the Administrator, or has without good cause refused to take all necessary steps necessary to obtain and accept rehabilitative services available to him under a State plan approved under the Vocational Rehabilitation Act, as amended (29 U. S. C., ch. 4), the Administrator may find, solely because of such refusal, that an individual is not a permanently and totally disabled individual or that his disability (previously determined to exist) has ceased. The Administrator may find that an individual is not a permanently and totally disabled individual or that his disability (previously determined to exist) has ceased, if such individual is cut

Events for which deductions are made

Sec. 220. (a) Deductions, in such amounts and at such times as the Administrator shall determine, shall be made from the amount of compensation paid to such individual under this title (to which an individual is entitled), until the total of such deductions equals such individual's benefit under section 219 for the period of time for which such individual rendered services as an employee (whether or not such individual's employment as such employee is determined in section 210) for remuneration of more than $50; or

(2) For which such individual is charged, pursuant to the provisions of subsection (c) of this section, with net earnings from self-employment (as determined pursuant to subsection (d) of more than $50; or

(3) When the individual fails to submit himself for examination in accordance with regulations of the Administrator; or

(4) In which such individual refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act after direction by the Administrator to do so; or

(5) In which such individual is outside the jurisdiction of the State if the Administrator finds that adequate arrangements have not been made for determining or redetermining the existence of the disability of such individual. The Administrator may, if in his judgment it will aid in the process of rehabilitation of any individual, suspend or modify the application of clauses (A), (B), and (C) of this subsection for any month during which such individual is receiving rehabilitation services, with the approval of the State, under the Vocational Rehabilitation Act; except that the Administrator may not so suspend or modify the application of any month after the eleventh month following the first month for which such suspension or modification was applicable.

Months to which net earnings from self-employment are charged

(c) For the purposes of subsection (a) (2) of this section—

(1) If an individual's net earnings from self-employment for his taxable year are more than $50, no month in such year shall be charged with more than $50 of net earnings from self-employment.

(2) If an individual's net earnings from self-employment for his taxable year are more than the product of $50 times the number of months in such year, no month in such year shall be charged with more than $50 of net earnings from self-employment.
the net income or loss which is includible for the purposes of this subsection in computing his net earnings from self-employment for any taxable year. The Administrator shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"Special rule for computation of net earnings from self-employment"

"(d) For the purposes of this section, an individual's net earnings from self-employment for any taxable year shall be computed as provided in section 211 with the following additional adjustments:

"(1) Such computation shall be made without regard to the provisions of subsections (a), (b), (c), (4), and (c) (8) of section 211;

"(2) Such computation shall be made without regard to the provisions of sections 110, 212, 218, 221, and 233 of the Internal Revenue Code.

"Penalty for failure to report certain events"

"(v) Any individual in receipt (on behalf of himself or another Individual) of any benefit under a plan which provides substantially similar benefits for the purposes of this subsection in the case of any Individual entitled to a disability benefit shall make a report of his estimated net earnings during the first month following the month in which such occurrence occurred. Such report shall be made on or before the fifteenth day of the third month following the close of such taxable year in which he has net earnings during any taxable year in which he has net earnings from self-employment for such year. The Administrator may, before the close of such taxable year, suspend the payment for each month in such year (or for each of such months as the Administrator may specify) of such benefits payable to him; and such suspension shall remain in effect with respect to the benefits for any month until the Administrator has determined whether or not any such deduction is imposed for such month.

"Report to Administrator of net earnings from self-employment"

"(1) If an individual is entitled to any disability insurance benefit during any taxable year in which he has net earnings from self-employment in excess of $500 times the number of months of such taxable year in which such Individual (or the individual in receipt of such benefit on his behalf) shall make a report to the Administrator of his estimated net earnings from self-employment for such taxable year. Such report shall be made on or before the fifteenth day of the third month following the close of such calendar month. Such report shall contain information and be made in such manner as the Administrator may by regulations prescribe.

"(2) If the failure to make such report continues after the close of the fourth calendar month following the close of such taxable year, such Individual shall suffer one additional deduction in an amount equal to one month's benefit even though the failure to report is with respect to more than one month.

"Report to Administrator of net earnings from self-employment"

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"Penalty for failure to report certain events"

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"(2) If the failure to make such report continues after the close of the fourth calendar month following the close of such taxable year, such Individual shall suffer one additional deduction in an amount equal to one month's benefit even though the failure to report is with respect to more than one month.

The house of delegates of the American Medical Association has taken no other official stand, although since 1947 some members of the AMA's board of trustees now oppose Federal disability insurance. However, it was brought out in hearings of the Finance Committee that this opposition was not the official position of the AMA.

I might add that the only physician who served on the Senate Advisory Committee was recommended in recommending disability insurance.

In submitting the disability insurance amendment last week, for myself and nine other Senators, we proposed two changes in the House version of the bill. First, we clarified the duty of the applicant to submit proof of disability, placing upon him the full burden of proof. As matters now stand, the applicant must prove that he is permanently disabled, making it impossible for him to participate in any gainful employment. This disability must be proved by medical evidence; a mere allegation of disability or proof that some other ailment will not qualify him. Moreover, after the disabled applicant's personal physician has submitted a diagnosis showing by medical evidence that the disability is total and permanent, the applicant is then required to go to an independent group of private physicians, specialists, who also make a diagnosis. The cost of this independent diagnosis is met out of program funds, in a fashion comparable to that adopted in many State and Federal programs.

A second change which we have incorporated is designed to expand State and local rehabilitation facilities. We contemplate earmarking part of the insurance trust-fund money for grants to States in order that they may further develop those existing facilities, encouraging disabled workers, and making it possible for them to engage once more in useful employment. But I wish to make it clear that we intend to have this rehabilitation work to be done exclu-sively by State and local governments by means of programs worked out to meet their individual needs.

The principle of disability insurance is changes the present to the principle of insuring against wage loss resulting from retirement upon reaching a particular age. Disability is simply a compulsory retirement brought about by age more rapidly as a consequence of accident or disease. The problems faced through income loss upon retirement are comparable, whether the cause is old age or incapacity. At ages 65 and 70, 2,000,000 people in America between the ages of 14 and 65 are permanently and totally disabled. This amendment would be of but little help to those presently disabled, but in the present situation, as many as 1,000,000 disabled persons would become eligible for disability insurance payments under the present coverage of social security.

When we consider that 9 out of 10 accidents which lead to total and permanent disability are not work-connected, it is readily evident that worker's compensation laws and private industrial accident insurance are scarcely adequate to meet the needs of our disabled. Wors
still, the disabled person and his family faced with complete income loss are forced upon the local relief rolls, because public charges, and their needs are but scantily met. Extension of the self-supporting contributory insurance principle to the problem of old age and wage loss is a far preferable solution.

I urge the Senate to adopt the amendment. It will amount to a level premium rate of six-tenths of 1 percent of pay, a small cost indeed in terms of the good it will accomplish.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MYERS. I am happy to yield to the distinguished majority leader.

Mr. LUCAS. Does the Senator agree with me that the amendment does not provide any medical service under the total and permanent disability sections?

Mr. MYERS. That is quite true. Mr. LUCAS. Does the Senator also agree that the only time a doctor will be connected with this program will be when he is called in to prove the fact of total and permanent disability?

Mr. MYERS. That is correct.

Mr. LUCAS. Does the Senator see that any socialized medicine is involved in this particular amendment, as is claimed by certain doctors?

Mr. MYERS. Of course, there cannot be, when the house of delegates of the American Medical Association itself went on record in favor of such a provision, and did so as recently as 1947.

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. MYERS. Yes; I am happy to yield.

Mr. LUCAS. In connection with the last statement made, I should like to read into the Recess the recommendations, in 1947, under a joint statement, planning for the chronically ill, by the American Hospital Association, the American Public Welfare Association, the American Public Health Association, and the American Medical Association.

Other measures which enable chronically ill persons to be cared for at home include improved housing, supervised boarding homes, medical and social service, recreational and occupational therapy, and vocational rehabilitation. Social-security measures to maintain income, such as disability insurance, old-age insurance, and public assistance, are likewise of vital importance.

Those recommendations are taken from the Journal of the American Medical Association of October 11, 1947.

Mr. MYERS. I thank the Senator.

Mr. DOUGLAS. Mr. President, to the amendment of the Senator from Pennsylvania, I call up two amendments which now lie at the desk, and which I ask to have stated.

The PRESIDING OFFICER. Which ones does the Senator desire to have stated first?

Mr. DOUGLAS. That offered on page 6, in line 23.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. To the amendment proposed by Mr. MYERS, XCVI—561

for himself and other Senators, the following amendment is proposed:

On page 6, line 23, before the period, insert a colon and the following: "Provided, however, that no individual shall receive a disability insurance benefit if the disability—(A) was incurred or suffered while such individual was willfully and illegally engaged in, or resulted from, his having willfully and illegally engaged in any felony; (B) was incurred, contracted, or suffered while the individual was under the influence of intoxicants, drugs, or narcotics, unless administered upon the prescription of a person duly licensed by law to practice medicine; or (C) was occasioned by the willful intention of such individual to injure or kill himself; or (D) was occasioned by the service of such individual in the Armed Forces of the United States or her allies, provided he receives a military disability benefit; or (E) was incurred as a result of a venereal disease."

Mr. DOUGLAS. Mr. President, will the clerk read also the second amendment, on page 9, line 11?

The PRESIDING OFFICER. To the amendment proposed by Mr. MYERS, does the Senator from Illinois wish the two amendments to be considered en bloc?

Mr. DOUGLAS. I should prefer to have that done.

The PRESIDING OFFICER. Without objection, the two amendments will be so considered. The clerk will state the second amendment.

The LEGISLATIVE CLERK. On page 9, line 11, it is proposed to strike out the word "may" and insert in lieu thereof the word "shall."

On page 9, line 15, after the period, insert the following:

The Administrator shall, in consultation with recognized private and governmental medical authorities, establish such medical standards, schedules, or guides for the determination of permanent and total disability as are not inconsistent with this section.

Mr. DOUGLAS. Mr. President, I want to congratulate the Senator from Pennsylvania and his colleagues on the amendments which they have just offered. It deals with one of the most severe problems that we have in the United States, namely, the problem of those who are permanently and totally disabled, but who are not cared for under workmen's compensation laws.

I believe the total number of these persons will be into the hundreds of thousands. They are scattered throughout the State, and I think it highly important that we adapt our system of social security so that we may take care of them.

I also want to congratulate the Senator from Pennsylvania and his colleagues for including two safeguards which were not originally in the bill as it was passed by the House. I believe his additions were aimed at tightening up the section on the determination of disability in order to require clear proof and to put the burden of proof upon the claimant and to expand the requirements for examinations. Also, his amendment gives greater emphasis to the linking of the disability benefit system with rehabilitation in every case where there is any possibility of returning the individual to gainful employment. This is vital.

The two amendments which I have proposed would introduce additional safeguards against any of these abuses by claimants of permanent and total disability, and would exclude from coverage certain risks which I believe an individual should not seek to have insured as a result of disability.

The first amendment which I have proposed would exclude individuals who incur their disability, first, in the commission of a felony; second, under the influence of intoxicants, drugs, or narcotics, unless prescribed by a doctor; third, by willful self-infliction; fourth, in the armed services, provided they receive a military disability benefit; and fifth, as a result of venereal disease. All these are excluded.

The second amendment makes mandatory the use of Government or private medical facilities in the determination of disability and requires the Administrator in consultation with medical authorities to establish standards or guides for the determination of disability.

I have discussed my proposals with the Senator from Pennsylvania, and I believe that I am authorized by him to state that, so far as he is concerned, he is willing to accept them as improving amendments to his amendment.

Mr. MYERS. I think the amendments offered by the Senator from Pennsylvania do improve my amendment. They tighten it up. They will help prevent malpractice. Therefore, I will willingly accept those amendments and incorporate them in my own amendment.

Mr. DOUGLAS. Mr. President, I hope that these improving amendments may be accepted and that, that the entire amendment as proposed by the Senator from Pennsylvania and his colleagues may also be agreed to by the Senate.

The PRESIDING OFFICER. Does the Senator from Pennsylvania modify his amendment to include these?

Mr. MYERS. I modify my amendment to include the amendments just offered by the Senator from Pennsylvania.

Mr. GEORGE. Mr. President, how much time remains?

The PRESIDING OFFICER. Ten minutes.

Mr. GEORGE. I will take but a minute or a minute and a half, and will leave the remainder of the time at the disposal of the distinguished Senator from Colorado.

The President. The Senate Finance Committee opposes this amendment. First, the matter will be in conference anyway. It can be considered fully in conference, and there is little practical advantage in tying the hands of the Senate conferees on all the important provisions in this bill and leaving us at the mercy of the House conferees, although presumably they will have good provisions which they will wish us to take. Yet we are representing this body when it is in conference.

In the second place, this is a very sharply disputed question. It is one on which the Finance Committee took a
great deal of testimony. It has been in
sharp conflict all the time among the
experts who are familiar with this
problem.

In the third place, it adds from one-
half to three-fourths of a percent to the
deductions from the income of the
worker and the employer. In other words, it greatly
increases the total burden on our econ-
omy and brings us back again to the
point which I have tried to stress over
and over again, that what we have brought
forth is a bill which is a good bill, which
has merit in it; we have given all that
our economy can really with assurance
shoulder. Yet here are these efforts, by
way of amendment, that would add and
insisted upon, that would add and
add and add to the total cost of this bill.

Mr. President, the insurance com-
panies themselves tried this question of
disability insurance. They have al-
c ready abandoned it. Why? Because
there is no way to insure against dis-
ability without opening up the whole
system to all sorts of questions. It is
impossible to insure against premature
death, it is possible to insure against
arrival at a time when people ought to
retire. But when we insure against dis-
ability and put the Federal Government
into the handling of the most ambitious
social-security program, then it is opening up an
avenue for the expenditure of vast sums
into that field, then it is opening up an
ability and put the Federal Government
system to all sorts of questions. It is
add and add to the total cost of this bill,
and insisted upon, that would add and
our economy can really with assurance
bring us back again to the
country.

Mr. President, there are 35,000,000 peo-
ple now under social security, and we are
multiplying the advantages of the pres-
ent system by practically 100 percent,
for the past and for the future. We are
bringing in 10,000,000 more people. There
are 1,600,000 persons under the
Railroad Retirement Act. There are
about 2,000,000 under the Federal Em-
ployees Retirement Act. There are from
2,400,000 to 2,600,000 under the State
and municipal system. So that when
this bill passes which we give the
maximum insurance against the real,
absolute certainties against which it is
possible to take appropriate safeguards,
namely, arrival at retirement age, or
premature death, to where there offered
51,000,-
000 people in the United States.

When we subtract from the total popu-
lation the men and women in the Armed
Forces who do not enter into the labor
pool, it is possible to see that about the
only people omitted from this system
are the farmer, the migrant farm worker,
and the occasional domestic servant, to-
gether with a few professionals, 400,000
of them, perhaps, who do not want to
come under the system.

We want the system to carry itself.
We want a system which will be sound.
We do not want the Senate to vote it
down and change it to the extent that
the employer and the employee only way we can support a social-security
system is to have an economy that will
do it. It will become as worthless as a
scrap of paper if we break down the
system which covered 9,000,000,000 to 12,000,000,000 a year from
our economy without passing it immedi-
ately back into the economy, without hurt.
Therefore, I hope that this
amendment, as amended, will be re-
jected.

The PRESIDING OFFICER. The
question is on agreeing to the amend-
ment, as modified, offered by the Sena-
tor from Pennsylvania [Mr. MYERS] for
himself and others.

The amendment was rejected.

Mr. LEHMAN. Mr. President, I wish
to call up the amendment proposed by
myself, the Senator from Montana [Mr.
McDermitt], and the Senate Finance Com-
site [Mr. HUMPHREYS], with regard to
including tips and gratuities.

The PRESIDING OFFICER. The
clerk will state the amendment offered
by others, including club employees.

The LEGISLATIVE CLERK. On page 239,
line 21, and on page 319, after line 14, it
is proposed to insert the following:

Tips and other cash remuneration cus-
tomarily received by an employee in the
course of employment from persons other
than the person employing him shall, for
the purposes of this title, be considered as re-
muneration paid by the employer:

Provided, however, That in the case of tips
only so much of the amount thereof received
during any calendar quarter by any
employee, before the expiration of 10 days after
the close of such quarter, reports in writing to
his employer as having been received by him in
that quarter, the amount thereof received by
him shall be reported to the tax authority as
re-
muneration paid by his employer: And pro-
vided further, That such amount shall not be
considered as remuneration unless there is in
the possession of the employer wages of the employee from which the tax
required under this title has been withheld.

The amount so reported by the employee to
the employer shall be considered as hav-
ing been paid to the employee by the employer
on the date on which such report is made.

Mr. LEHMAN. Mr. President, the purpose of this amendment is to include
tips as wages for the purpose of com-
puting contributions and benefits under the
social-security program,

I urge the approval of this
amendment.

Unless tips are included the whole
purpose of the program for the workers
affected is defeated. In the case of
waiters, bellhops, and club employees,
and many others, tips are a major part, if
not the greatest part of earnings.

Unless this amendment is approved,
a great number of workers will be denied
benefits based upon their total earnings,
which is the principle of the entire
insurance program.

The advisory council recommended
the inclusion of tips in wages. The
House Ways and Means Committee rec-
ommended it and the House approved it.

The Senate Finance Committee ex-
cluded tips with the comment, "To re-
port tips would greatly add to the book-
keeping."

This amendment the responsibility
is placed squarely upon the employee to
report his tips. The employer pays his
contribution, just as the employee does,
only upon the amount of tips reported.

This amendment also contains a pro-
vision designed to meet the objection
that the employer would be liable for the
employee's contribution in cases in
which the employer had no opportunity
to deduct the employee contribution
from his wages. This would be true in
the case of waiters and others who work
on special assignment only.

This objection has been met in my
amendment by a provision that the tips
could not be counted as wages unless the
employer had in his possession wages for
the employee from which the employer
could deduct the amount of the tip, or
the employee transmitted with his report
of tips a sum of money equal to the
employee tax. This should meet all the
objections based on so-called ad-
ministrative difficulties.

Of course I do not consider this ob-
jection very sound in the first place.
The Bureau of Internal Revenue requires
that employers furnish records on the
estimated tips earned by their em-
ployees. Moreover, in computing work-
ners' compensation benefits, the injured
worker receives a percentage of all his
earnings, including tips. Thus, very lit-
tle additional bookkeeping is required in any
event.

It is to be borne in mind that em-
ployees who report their tips for social-
security purposes would presumably also
be reporting their tips for income-tax
purposes. It is a compelling circum-
stance that the employees themselves are
demanding this amendment. The
Hotel and Restaurant Employees Inter-
national Union and the American Fed-
eration of Labor are urgently supporting this
proposal.

This amendment affects several mil-
lion workers. There are 3,000,000 wait-
ers and waitresses alone. To reject this
amendment would be to provide these
millions of workers with a protection
which would be virtually meaningless.

Mr. GEORGE. Mr. President, I yield
time to the Senator from Colorado [Mr.
HARRISON] if he wishes to use any time.

Mr. LUCAS. Mr. President, will the
Senator from Georgia yield 1 minute so
that I may propound a question to him?

Mr. GEORGE. I yield.

Mr. LUCAS. I thoroughly understood
the argument made by the Senator from
Georgia, and the only reason I pro-
duced the amendment was to provide these
millions of workers with a protection
which we must always keep in mind.

Mr. GEORGE. I do not think so. I
do not think that it is a compelling cir-
cumstance which I undertook to expres-
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which we must always keep in mind.

Mr. GEORGE. I do not think that
it is a compelling circumstance which I
undertook to express.

Mr. LUCAS. I would like to re-
turn to the amendment offered by the
Senator from Pennsylvania [Mr. MYERS] to provide for total permanent
disability benefits, and ask the able
chairman of the Finance Committee this
question: Is there anything in the
amendment which deals directly with
what we refer to as socialized medicine?

Mr. GEORGE. I do not think so. I
do not think that it is a compelling cir-
cumstance which I undertook to expres-
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earnings, including tips. Thus, very lit-
tle additional bookkeeping is required in any
event.
think it is a valid objection to the original bill that it is a movement toward socialism.

Mr. LUCAS. I thank the Senator from Georgia.

Mr. GEORGE. Mr. President, with reference to the amendment offered by the Senator from New York, the Finance Committee rejected the provision for tips as part of compensation, but we have lowered the earnings per quarter in such way as not to injure persons who might supplement their earnings by tips. I therefore hope the Senate will reject the amendment.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. LEHMAN. The Senator from New York is not quite clear how the lowering of the number of quarters of employment affects the matter of tips which are a very large part of the income of a great many persons, hundreds of thousands, if not millions of persons.

Mr. GEORGE. I mean that we lowered the requirement that there must be $100 earned in a quarter. They come in with slightly lower than the $25 minimum. If they less than $34 a month they would qualify.

Mr. BRIDGES. Mr. President, this amendment is a very simple one. The social-security law is based upon the fact there is a very large part of the income of a great many persons, hundreds of thousands, if not millions of persons.

Mr. GEORGE. I have never heard of the amendment. If it was offered, it escaped my attention. Has it been printed?

Mr. BRIDGES. It is printed. It was introduced on March 7, legislative day of February 22. It has been before the committee for 3 months.

The PRESIDING OFFICER. The amendment was rejected.

Mr. BRIDGES. The amendment was introduced and referred to the Committee on Finance. It has been before the committee for several months. If it has not been studied, it is certainly not the fault of the Senator from New Hampshire.

Mr. GEORGE. As a tax measure the Committee on Finance would have no original jurisdiction over the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

Mr. BRIDGES. The amendment was introduced and referred to the Committee on Finance. It has been before the committee for several months. If it has not been studied, it is certainly not the fault of the Senator from New Hampshire.

Mr. GEORGE. As a tax measure the Committee on Finance would have no original jurisdiction over the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

The amendment was rejected.

The amendment as a bill. Therefore it was not considered as an amendment to the pending measure. It was introduced as a bill.

Mr. GEORGE. As a tax measure the Committee on Finance would have no original jurisdiction over the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

The amendment was rejected.

Mr. MURRAY. Mr. President, I call up amendment G offered on behalf of the Senator from New Hampshire originally introduced the measure as a bill. Therefore it was not considered as an amendment to the pending measure. It was introduced as a bill.

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The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

The amendment was rejected.

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The amendment was rejected.

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The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

The amendment was rejected.

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Mr. GEORGE. As a tax measure the Committee on Finance would have no original jurisdiction over the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

The amendment was rejected.
Very cruel to prevent their getting cover-
age under this bill.

Mr. President, I ask for the yeas and
nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The ques-
tion is on agreeing to the amend-
ment offered by the Senator from Mon-
tana [Mr. MURRAY] on behalf of himself
and other Senators.

The amendment was rejected.

Mr. LEHMAN. Mr. President, I offer my
amendment C.

The PRESIDING OFFICER. The clerk
will state the amendment.

The LEGISLATIVE CLERK. On page 375,
line 17, after "assistance" it is proposed to
insert the following: "in the form of
money payments."

On page 376, line 12, it is proposed to
insert after "and" the following: "(2)" an
amount, which shall be used exclu-
sively as old-age assistance other than in
the form of money payments, equal to
one-half of the total amounts expended
during such quarter, beginning with the
quarter commencing October 1, 1950, for
aid to dependent children in the form of
money payments under the State plan,
not counting so much of such expenditures
as exceeds the product of $20 multiplied
by the total number of dependent
children in the same house, as exceeds
any dependent child for any month as ex-
ceeds the product of $6 multiplied by
the total number of individuals who re-
ceive old-age assistance under the State
plan for such month; and (3) an amount
which shall be used exclu-
sively as aid to the blind other than in
the form of money payments equal to
one-half of the total amounts expended
during such quarter as aid to the blind
other than in the form of money payments,
not counting so much of such expenditures
as exceeds the product of $6 multiplied by
the total number of individuals who re-
ceive aid to the blind for such month.

On page 376, line 12, change "(2)" to
"(3)."

On page 378, line 20 through line 2,
page 379, strike out section 322 and insert
in lieu thereof the following:

"SEC. 403. (a) From the sums appropriated
therefor, the Secretary of the Treasury shall pay to each State which has an approved
State plan or for aid to the blind and for no
other purposes.

This amendment carries out the rec-
ommendations of the Senate’s Advisory
Council on Social Security. This amend-
ment is supported by all the great pro-
fessional health organizations—the
American Dental Society, the American
Hospital Association, the American
Medical Association, the American Nurs-
ing Association, the American Public
Health Association, and the American
Public Welfare Association.

Under the terms of my amendment, the Federal Government would provide grants to States for medical care based on the number of individuals re-
ceiving Public assistance, in all its forms, in
these States.

Each State could receive up to $6 monthly per person for each adult and $3 per child for all individu-
als as long as these costs do not ex-
cede the total represented by $6 per adult and $3 per child for all individuals
on the assistance rolls of the State con-
cerned.

Both the House and Senate versions of
the pending bill authorize the use of
Federal public-assistance grants to pay
for the cost of medical care for the needy. The hitch is in the fact that the
maximum limit of $50 per month per
individual for public assistance and
medical care combined is retained.

This amount is obviously inadequate
to meet the cost of any serious illness. It
also allows medical care in competition
with relief payments.

I believe that the cost of medical care
should be considered apart from the cost
of normal subsistence. In the long run,
this is an economy, since preventive
medical care forestalls serious illnesses
which make the individuals concerned
long-term occupants of the relief rolls.

These grants would be administered,
under the terms of my amendment, by
the public health departments of the
various States.

All of us are greatly concerned over
the over-all problem of medical care. Here is one field in which there is no
controversy and no opposition from the
medical and other health associations.
On the contrary this amendment is vig-
orarily supported by them. It should be
adopted.

Mr. GEORGE. Mr. President, I have
only to say that we are making a real
effort to reduce the expenditures under
the assistance program, and to increase the
benefits under the old-age and survi-

ors insurance, and this amendment
would add some $70,000,000 a year to the
cost of the Federal Government in
matching with the States. I think the
amendment ought to be rejected.

The VICE-PRESIDENT. The ques-
tion is on agreeing to the amendment
offered by the Senator from New York
[Mr. LEHMAN].

The amendment was rejected.

Mr. LEAHY. Mr. President, I call up
my amendment lettered "A."

The VICE-PRESIDENT. The amend-
ment will be stated.

The LEGISLATIVE CLERK. On page 387,
beginning in line 13, it is proposed to
strike out all down to and including line
21, and insert in lieu thereof the follow-
ing:

"SEC. 403. (a) (1) Paragraph (1) of section
1101 (a) of the Social Security Act is
amended to read as follows:

(1) The term ‘State’ includes Alaska,
Hawaii, and the District of Columbia,
and when used in titles I, IV, V, and X includes
the Virgin Islands.”

(2) Paragraph (8) of section 1101 (a) of
the Social Security Act is amended to read as
follows:

(8) The term ‘Administrator,’ except
when the context otherwise means
the Federal Security Administrator.”

(3) The amendment made by paragraph
(8) of subsection (a) shall take effect Octo-
ber 1, 1950, and the amendment made
by paragraph (2) of this subsection, insofar as
it repeals the definition of ‘employees,’ shall
apply with respect to services performed
after 1950.

Mr. LEAHY. Mr. President, a short
time ago the Senate rejected an amend-
ment which would have extended to the
Virgin Islands and to Puerto Rico the provisions of the pending bill relative to public assistance. The purpose of my amendment, dated June 14, 1950, would be about 48,000. The committee bill already extends this coverage to approximately 75,000 persons. My amendment does not, I repeat, "not," cover agent drivers who distribute dairy products. The reason for this exclusion is to avoid the difficulty involved in the peculiar relationship between some of these drivers and individual farmers and farm cooperatives. The committee bill defines the latter as employees. Those covered in my amendment should also be considered.

Mr. LEAHY. Mr. President, I yield.

Mr. LEAHY. I yield to the Senator from Rhode Island that the subject of the amendment is to extend the provisions of the bill to the Virgin Islands and to Puerto Rico the provisions of the social-security program neverthe-

Mr. TAFT. Mr. President, I am not at all in favor of extending it to the Virgin Islands, because it would be administratively very difficult to extend a program to approximately 40,000 persons who work in their own homes on a piece-work basis.

Mr. LEAHY. I yield.

Mr. LEAHY. Mr. President, this amendment would extend coverage under the old-age and survivors insurance program to approximately 40,000 persons who work in their own homes on a piece-work basis. Most of the work they do is needlework. They make artificial flowers, embroidery, gloves, and lingerie. Certainly these home workers should be given coverage. They need old-age insurance protection as much as any other group in our population. Here again is a group of workers who, despite the contractual relationship and the common-law definition of what constitutes an employee, are truly employees in the social definition of the word. In many jurisdictions home workers are considered employees. The Fair Labor Standards Act treats these people as employees and the courts have held that application. In several States of the Union, home workers are eligible for unemployment compensation. They should certainly be eligible for old-age and survivors insurance benefits.

In many jurisdictions home workers are regulated by. In my own State these regulations are very detailed and place absolute and specific obligations upon the employer. The home workers in my State are covered by workmen's compensation insurance. I am advised that the same is true in a number of other States. There is certainly no logical basis for excluding these home workers from coverage or for excluding them from definition as employees under the meaning of the act. Employers in my State, where a large proportion of these home workers are located, are required to keep detailed records on home workers. This amendment, placing them under old-age and survivors insurance, would require no special increase in bookkeeping. Nor would it present any other administrative difficulties.

I hope the Senate will approve the amendment.

Mr. GEORGE. Mr. President, I do not have anything to say with respect to the provisions of the pending bill relative to public assistance. The purpose of my amendment, dated June 14, 1950, would be about 48,000. The committee bill already extends this coverage to approximately 75,000 persons. My amendment does not, I repeat, "not," cover agent drivers who distribute dairy products. The reason for this exclusion is to avoid the difficulty involved in the peculiar relationship between some of these drivers and individual farmers and farm cooperatives. The committee bill defines the latter as employees. Those covered in my amendment should also be considered.

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I hope the Senate will approve the amendment.

Mr. GEORGE. Mr. President, I do not have anything to say with respect to
the amendment except that the committee
tee has carefully considered it and re-
ected it. I fell it had
gone as far as it could in prescribing spe-
cific definitions to fit employees, rather
than to let them stand under the general
rule which is written into the bill.
The question is on agreeing to the amend-
ment offered by the Senator from New York
(Mr. LEHMAN).
The amendment was rejected.
Mr. MALONE. Mr. President, I now
move that the Senate reconsider the vote
by which the amendment offered by the
Senator from Louisiana (Mr. Long), for
himself and the Senator from Wyoming (Mr. Huns,
), on page 315, line 6, the sub-
ject matter being the grants in aid to
persons who are disabled.
The VICE PRESIDENT. The Senator
from Nevada, who voted against the amend-
ment, and therefore is qualified to move to reconsider, has moved to recon-
sider the vote by which the amendment
was rejected.
Mr. LONG. Mr. President, I ask for
the yeas and nays.
The VICE PRESIDENT. The yeas
and nays are requested.
Mr. MILLIKIN. Mr. President, a par-
liamentary inquiry.
The VICE PRESIDENT. The Senator
will state it.
Mr. MILLIKIN. May we be advised
what is now proposed to be done?
The VICE PRESIDENT. The Senator
from Nevada (Mr. Mal) has moved that
the Senate reconsider the vote by
which the amendment was re-
jected earlier in the evening.
Mr. LONG. Mr. President, one of the
sponsors of the amendment, the dis-
tinguished Senator from Wyoming (Mr. Huns
), had no opportunity at all to ex-
plain his position in support of the
amendment. It seems to me the Senate
should have a chance to understand the
reason why the amendment was rejected, in order that
the Senate from Wyoming may have
an opportunity to explain his reason for
supporting the amendment, especially in
view of the fact that the amendment was defeated by
only one vote. It seems to
me that in justice to the Senator from
Wyoming he should be afforded an
opportunity to explain the reason for sup-
porting the amendment.
Mr. GEORGE. Mr. President, I re-
gret very much that we are faced by a
motion to reconsider the vote on the
amendment, after the amendment had
been brought to the Senate. Some of us have been at work
steadily on this bill since 10:30 this
morning, in committee and from the
committee directly to the Senate floor.
Mr. President, I desire to ask the ma-
Jority leader how long he proposes to
keep the Senate in session tonight?
Mr. LUCAS. I was hoping we could
finish the bill. I thought the Senate
was about through with the amendments.
Mr. GEORGE. Obviously we are not
near the end of the consideration of
the bill if there is to be reconsideration
of amendments.
Mr. LUCAS. If there is to be a re-
consideration of any of the amendments, and we are to have yeas-and-nays votes
and debate upon them, of course it will
take some time. I sincerely hope we may
pass the bill before the night is over.
If we cannot do so, and some Senator
wishes to move that the Senate take a
recess, of course he can do so.
Mr. LONG. Mr. President, the
amendment offered by the Senator from
Wyoming (Mr. Huns) was defeated
by only one vote. I am sure many
Senators did not have a chance to un-
derstand the amendment fully. We had
only 5 minutes to debate the amend-
ment. I believe the Senate will re-
consider the vote by which the amend-
ment was defeated, since it was defeated
by only one vote.
Mr. LUCAS. Mr. President, a para-
liamentary inquiry.
The VICE PRESIDENT. The Sena-
tor will state it.
Mr. LUCAS. Under the unanimous-
consent agreement, am I correct in my
understanding that we are committed to
remain here until we complete action on
the bill, or can we take a recess before
that is done?
The VICE PRESIDENT. The Chair
does not interpret the unanimous-consen-
sent agreement to compel the Senate to
remain in session until action on the bill
is completed. Of course, there is a
special order for a vote tomorrow. That
was entered under unanimous consent.
Mr. CONNALLY. Tomorrow will be
the same legislative day as today, if we take a
recess?
The VICE PRESIDENT. The Chair
also held that under the unanimous-consent agreement the motion to reconsider comes under the 5-minute rule; 5 minutes to be allotted
to those in favor and 5 minutes to those
who are against the motion, if Senators
desire to debate the motion.
The Chair also held that under the
unanimous-consent agreement, the motion to reconsider the Senate the
amount was defeated by
only one vote. It seems to
me that in justice to the Senator from
Wyoming he should be afforded an
opportunity to explain the reason for sup-
porting the amendment.
Mr. LONG. Mr. President, I ask for
the yeas and nays.
The VICE PRESIDENT. Eleven hands
were raised. That is not a sufficient
number according to the vote that was
had on the amendment.
The question is on the motion to re-
consider the vote by which the so-called
Long amendment was rejected.
Mr. LONG. Mr. President, I ask for
the yeas and nays.
The VICE PRESIDENT. The bill is
open to further amendment. If there be
no further amendment, the question is on
the committee amendment, as amended.
Mr. LEHMAN. Mr. President; I called
up amendment lettered "G" dated June 14,
which I offer on behalf of myself,
the Senator from Montana (Mr. Mur-
ray), the Senator from Minnesota (Mr. Hump-
hey), and the Senator from Illinois (Mr. Douglass).
The VICE PRESIDENT. The Secre-
tary will state the amendment.
The LEGISLATIVE CLERK. On page 242,
lines 1 and 2, it is proposed to delete
"twenty-four days during such quarter"
and insert in lieu thereof the words "six
days during such quarter, each day being in
a different calendar week."
Mr. LEHMAN. Mr. President, this
amendment would extend coverage un-
der the old-age and survivors insurance
program to approximately 1,000,000 do-


America. It is a measure which is long over-
ue. But, while the bill contains many im-
portant improvements in our social-security
I am strongly in favor of the amendments which have been introduced to increase the 
maximum wage base. I favor increasing the 
wage base by a formula weighted in favor of 
the contributor an increased benefit based 
the contributor and earned income reported 
out by the Finance Committee. I believe 
that $72.50 a month is not sufficient to main-
tain an individual at a decent level, 

1. Increase in the second step in the 
benefit formula from 10 percent to 15 per-
cent, including an upward adjustment of 
benefits for current beneficiaries. 

2. Liberalization of the eligibility provi-
sion so as to make it easier for persons to 
be insured for benefits during the next 
decade. 

3. Liberalization of the method of com-
piling "average monthly wage" for bene-
fit purposes. 

4. Inclusion of regularly employed agricul-
tural labor. 

5. Inclusion of publishers as self-employed 
persons. 

6. Payment of benefits to dependent hus-
band and wife, provided the insured works-
ers and liberalization of survivors insurance 
benefits with respect to deaths of insured 
members of families. 

7. Increasing the maximum payments for 
aid to dependent children in which the Fed-
ral Government would share from $27 to $80 
for the first child and from $18 to $20 for each 
additional child. 

8. Increase in Federal grants for maternal 
and children's health; the 100,000,000 to $200,00-
only annually; for crippled children from $7,500,000 
to $15,000,000; and for child 
wellfare workmen from $7,500,000 in the House 
bill to $12,500,000. 

But after making the 8 improvements 
which I have just listed, the Finance Com-
mittiee made 12 major crippling changes 
which deliberate the House bill. These 
are as follows: 

1. Reduction of the maximum wage base 
from $5,600 to $3,000 a year. 

2. Elimination of the provision for perma-
nent and total disability insurance. 

3. Exclusion of the increment for years of 
contributions to the insurance program. 

4. Exclusion of tips from covered wages. 

5. Exclusion of salesmen and certain other 
groups, such as driver-lessees of taxicabs and 
home workers, from coverage as employees. 

6. Exclusion of domestics, architects, 
accountants, and all professional engineers 
from coverage as self-employed persons. 

7. Elimination of the provision which 
would have increased benefits by 
providing a higher percentage of Federal 
funds under a formula weighted in favor of 
40 per cent with low payments. 

8. Elimination of the provision for includ-
ing an adult relative to aid-to-dependent 
children in families as a recipient for Federal 
matching purposes. 

9. Elimination of the provision for Federal 
grants to the States for the needy perma-

10. Elimination of the provision extending 
Federal grants for public assistance to 
Puerto Rico and the Virgin Islands. 

11. Reducing Federal matching on State 
supplementary old-age assistance payments 
to 50 per cent, where a State has pro-

12. Restoring the 1-year residence re-
quilibrium for the bill instead of the 1-year 
requirement in the House bill. 

So, in summary, the Finance Committee 
made 12 major amendments and 12 major 
deliberations. I shall support amend-
ments to correct these deliberations, and I 
hope that the Senate will vote to reverse 
them.
can absorb, and how much can the program be substantially broadened without danger to the economic system. It is estimated that approximately 8,000,000 people past 65 will not be covered by the legislation. It is obvious that there should be greater coverage. So, for these and other reasons, the junior Senator from Nevada believes that the results of the proposed study should have been made known before the passage of the legislation.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended. The amendment, as amended, was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendment, and the third reading of the bill. The amendment was ordered to be engrossed and the bill to be read a third time.

The VICE PRESIDENT. The question is, Shall the bill pass? Mr. GEORGE and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is necessarily absent.

The Senator from California [Mr. DOWNEY] is absent because of illness.

The Senator from North Carolina [Mr. GRAHAM] is absent on public business.

The Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Idaho [Mr. TAYLOR], and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Maryland [Mr. O'CONOR] is absent by leave of the Senate.

Mr. SALTONSTALL. I announce that the junior Senator from North Dakota [Mr. LANGER], the Senator from Oregon [Mr. MORSE], the Senator from New Hampshire [Mr. TOBEY], the Senator from Michigan [Mr. VANDENBERG], and the junior Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate. If present and voting, the senior Senator from North Dakota [Mr. LANGER], the Senator from Oregon [Mr. MORSE], the Senator from New Hampshire [Mr. TOBEY], and the junior Senator from North Dakota [Mr. YOUNG] would each vote "yea."

So the bill (H. R. 6000) was passed.

Mr. GEORGE. Mr. President, I move that the Senate insist upon its amendment, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate. The motion was agreed to; and the Vice President appointed Mr. GEORGE, Mr. CONNALLY, Mr. BYRD, Mr. MILLIKIN, and Mr. TAFT conferees on the part of the Senate.

Mr. GEORGE. Mr. President, I ask unanimous consent that the bill be printed showing the Senate amendment. The VICE PRESIDENT. Without objection it is so ordered.
IN THE SENATE OF THE UNITED STATES

JUNE 20 (legislative day, JUNE 7), 1950
Ordered to be printed with the amendment of the Senate

AN ACT

To extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 That this Act, with the following table of contents, may be
4 cited as the "Social Security Act Amendments of 1949".
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1 TITLE I—AMENDMENTS TO TITLE II OF THE
2 SOCIAL SECURITY ACT
3
4 OLD-AGE AND SURVIVORS INSURANCE BENEFITS
5
6 Sec. 101. (a) Section 202 of the Social Security Act is
7 amended to read as follows:
8 "OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS
9 "Old-Age Insurance Benefits
10 "Sec. 202. (a) Every individual who—
11 "(1) is a fully insured individual (as defined in
12 section 214 (a));
13 "(2) has attained retirement age (as defined in
14 section 216 (a)); and
15 "(3) has filed application for old-age insurance
16 benefits or was entitled to disability insurance bene-
17 fits for the month preceding the month in which he
18 attained retirement age;
19 shall be entitled to an old-age insurance benefit for each
month, beginning with the first month after 1949 in which
such individual becomes so entitled to such insurance benefits
and ending with the month preceding the month in which
he dies. 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:

"Wife's Insurance Benefits

"(b) (1) The wife (as defined in section 216 (b)) of
an individual entitled to old-age insurance benefits, if such
wife—

"(A) has filed application for wife's insurance
benefits,

"(B) has attained retirement age or has in her care
(individually or jointly with her husband) at the time
of filing such application a child entitled to a child's
insurance benefit on the basis of the wages or self-
employment income of her husband,

"(C) was living with such individual at the time
such application was filed, and

"(D) is not entitled to old-age insurance bene-
fits, or is entitled to old-age insurance benefits each
of which is less than one-half of an old-age insurance
benefit of her husband;

shall be entitled to a wife's insurance benefit for each
month, beginning with the first month after 1949 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 one-half of an old-age insurance benefit of her husband.

"(2) Such wife's insurance benefit for each month shall be equal to one-half of the old-age insurance benefit of her husband for such month.

"Child's Insurance Benefits

"(c) (1) Every child (as defined in section 216 (c)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual (as defined in section 214) after 1930, if such child—

"(A) has filed application for child's insurance benefits,

"(B) at the time such application was filed, was unmarried and had not attained the age of eighteen, and

"(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death;

shall be entitled to a child's insurance benefit for each month,
beginning with the first month after 1949 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies; marries; is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual); or attains the age of eighteen.

"(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages or self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the old-age insurance benefit of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual, except that, if there is more than one child entitled to benefits on the basis of such individual's wages or self-employment income, each such child's insurance benefit for such month shall be equal to the sum of (A) one-half of the primary insurance amount of such individual, and (B) one-fourth of such primary insurance amount divided by the number of such children.

"(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1) (C) unless, at such time, such individual was not
living with or contributing to the support of such child
and—

"(A) such child is neither the legitimate nor
adopted child of such individual, or

"(B) such child had been adopted by some other
individual, or

"(C) such child was living with and was receiving
more than one-half of his support from his stepfather.

"(4) A child shall be deemed dependent upon his step-
father at the time specified in paragraph (1) (C) if, at
such time, the child was living with or was receiving at
least one-half of his support from such stepfather.

"(5) A child shall be deemed dependent upon his natu-
ral or adopting mother at the time of her death if, at such
time, she was both a fully and a currently insured individual.
A child shall also be deemed dependent upon his natural or
adopting mother, or upon his stepmother, at the time speci-

ified in paragraph (1) (C) if, at such time, (A)
she was living with or contributing to the support of
such child, and (B) either (i) such child was neither
living with nor receiving contributions from his father or
adopting father, or (ii) such child was receiving at least
one-half of his support from her.

"Widow's Insurance Benefits

"(d) (1) The widow (as defined in section 216 (e)).
of an individual who died a fully insured individual after
1939, if such widow—

"(A) has not remarried;

"(B) has attained retirement age;

"(C) has filed application for widow's insurance
benefits or was entitled, after attainment of retirement
age, to wife's insurance benefits, on the basis of the
wages or self-employment income of such individual,
for the month preceding the month in which he died;

"(D) was living with such individual at the time
of his death, and

"(E) is not entitled to old-age insurance benefits;
or is entitled to old-age insurance benefits each of which
is less than three-fourths of the primary insurance
amount of her deceased husband;
shall be entitled to a widow's insurance benefit for each
month, beginning with the first month after 1940 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
three-fourths of the primary insurance amount of her
decased husband.

"(2) Such widow's insurance benefit for each month
shall be equal to three-fourths of the primary insurance amount of her deceased husband.

"Mother's Insurance Benefits

"(e) (i) The widow and every former wife divorced (as defined in section 216 (d)) of an individual who died a fully or currently insured individual after 1980, if such widow or former wife divorced—

"(A) has not remarried;

"(B) is not entitled to a widow's insurance benefit;

"(C) is not entitled to old-age insurance benefits; or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual;

"(D) has filed application for mother's insurance benefits;

"(E) at the time of filing such application has in her care a child of such individual entitled to a child's insurance benefit; and

"(F) (i) in the case of a widow, was living with such individual at the time of his death; or (ii) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death; and the child referred to in clause (E) is her
son, daughter, or legally adopted child and the benefits referred to in such clause are payable on the basis of such individual's wages or self-employment income, shall be entitled to a mother's insurance benefit for each month, beginning with the first month after 1949 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: no child of such deceased individual is entitled to a child's insurance benefit, such widow or former wife divorced becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual; she becomes entitled to a widow's insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child's insurance benefit on the basis of the wages or self-employment income of such deceased individual.

"(2) Such mother's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

"Parent's Insurance Benefits

"(f) (1) Every parent (as defined in this subsection)
of an individual who died a fully insured individual after
1930, if such individual did not leave a widow who meets
the conditions in subsection (d) (1) (D) and (E) or
an unmarried child under the age of eighteen deemed
dependent on such individual under subsection (e) (3) ;
(4), or (5); and if such parent—

"(A) has attained retirement age;
"(B) was receiving at least one-half of his support
from such individual at the time of such individual's
death and filed proof of such support within two years of
such date of death;

"(C) has not married since such individual's death;
"(D) is not entitled to old-age insurance benefits,
or is entitled to old-age insurance benefits each of which
is less than three-fourths of the primary insurance
amount of such deceased individual; 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 1940 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
1. benefit equal to or exceeding three-fourths of the primary
2. benefit equal to or exceeding three-fourths of the primary
3. insurance amount of such deceased individual.
4. insurance amount of such deceased individual.
5. "(2) Each parent's insurance benefit for each month
6. shall be equal to three-fourths of the primary insurance
7. amount of such deceased individual.
8. As used in this subsection, the term 'parent' means
9. the mother or father of an individual, a stepparent of an
10. individual by a marriage contracted before such individual
11. attained the age of sixteen; or an adopting parent by whom
12. an individual was adopted before he attained the age of
13. sixteen;
14. "Lump Sum Death Payments
15. "Lump Sum Death Payments
16. Upon the death, after 1949, of an individual who
17. died a fully or currently insured individual, an amount equal
18. to three times such individual's primary insurance amount
19. shall be paid in a lump sum to the person, if any, determined
20. by the Administrator to be the widow or widower of the
21. deceased and to have been living with the deceased at the
time of death. If there is no such person, or if such person
22. dies before receiving payment, then such amount shall be
23. paid to any person or persons, equitably entitled thereto;
24. to the extent and in the proportions that he or they shall
25. have paid the expenses of burial of such insured individual.
26. No payment shall be made to any person under this sub-
27. section unless application therefor shall have been filed; by or
on behalf of any such person (whether or not legally com-
petent), prior to the expiration of two years after the date
of death of such insured individual.

"Application for Monthly Insurance Benefits

"(b) (1) An individual who would have been entitled
to a benefit under subsection (a), (b), (c), (d), (e), or
(f) for any month after 1940 had he filed application
therefor prior to the end of such month shall be entitled to
such benefit for such month if he files application therefor
prior to the end of the sixth month immediately succeeding
such month. Any benefit for a month prior to the month in
which application is filed shall be reduced, to any extent
that may be necessary, so that it will not render erroneous
any benefit which, before the filing of such application, the
Administrator has certified for payment for such prior month.

"(2) No application for any benefit under this section
for any month after 1940 which is filed prior to three months
before the first month for which the applicant becomes en-
titled to such benefit shall be accepted as an application for
the purposes of this section; and any application filed within
such three months' period shall be deemed to have been
filed in such first month.

"Simultaneous Entitlement to Benefits

"(i) (1) Any individual who is entitled for any month

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1 to more than one monthly insurance benefit (other than an
2 old-age insurance benefit) under this title shall be entitled
3 to only one such monthly benefit for such month; such ben-
4efit to be the largest of the monthly benefits to which he
5 (but for this paragraph) would otherwise be entitled for
6 such month.
7 "(2) If an individual is entitled to an old-age in-
8 surance benefit for any month and to any other monthly
9 insurance benefit for such month, such other insurance ben-
10 efit for such month shall be reduced (after any reduction
11 under section 203 (a)) by an amount equal to such old-
12 age insurance benefit.
13 "Entitlement to Survivor Benefits Under Railroad
14 Retirement Act
15 "(j) If any person would be entitled, upon filing appli-
16 cation therefor, to an annuity under section 5 of the Rail-
17 road Retirement Act of 1937, or to a lump-sum payment
18 under subsection (f) (1) of such section, with respect to
19 the death of an employee (as defined in such Act), no
20 lump-sum death payment; and no monthly benefit for the
21 month in which such employee died or for any month there-
22 after, shall be paid under this section to any person on the
23 basis of the wages or self-employment income of such em-
24 ployee."
25 (b) (1) Except as provided in paragraph (2), the
amendment made by subsection (a) of this section shall take effect January 1, 1950.

(2) Section 205 (m) of the Social Security Act is repealed effective with respect to monthly benefits under section 202 of the Social Security Act, as amended by this Act, for months after 1949.

(3) Section 202 (h) (2) of the Social Security Act, as amended by this Act, shall take effect October 1, 1949.

(e) (1) Any individual entitled to primary insurance benefits or widow's current insurance benefits under section 202 of the Social Security Act as in effect prior to its amendment by this Act who would, but for the enactment of this Act, be entitled to such benefits for January 1950 shall be deemed to be entitled to old-age insurance benefits or mother's insurance benefits (as the case may be) under section 202 of the Social Security Act, as amended by this Act, as though such individual became entitled to such benefits in January 1950, the primary insurance amount on which such benefits are based to be determined as provided in section 411 of this Act.

(2) Any individual entitled to any other monthly insurance benefits under section 202 of the Social Security Act as in effect prior to its amendment by this Act who would, but for the enactment of this Act, be entitled to such benefits for January 1950 shall be deemed to be entitled
to such benefits under section 202 of the Social Security Act,
as amended by this Act, as though such individual became
entitled to such benefits in January 1950, the primary
insurance amount on which such benefits are based to be
determined as provided in section 114 of this Act:

(3) Any individual who files application after 1949
for monthly benefits under any subsection of section 202
of the Social Security Act who would, but for the enact-
ment of this Act, be entitled to benefits under such subsection
(as in effect prior to such enactment) for any month prior
to 1950 shall be deemed entitled to such benefits for such
month prior to 1950 to the same extent and in the same
amounts as though this Act had not been enacted.

(d) In the case of any parent of an individual who—

(1) died after June 1947 but prior to 1950;
(2) was not a fully insured individual under the
provisions of section 200 (g) of the Social Security
Act as in effect at the time of his death; and
(3) who is insured under the provisions of section
214 (a) of such Act, as amended by this Act,
such parent shall be deemed to have met the requirement,
in section 202 (f) (1) (B) of such Act as so amended,
of filing proof of support within two years of the date of
such individual's death if such proof is filed prior to 1952.

(e) Lump-sum death payments shall be made in the
case of individuals who died prior to 1950 as though this
Act had not been enacted; except that in the case of any
individual who died outside the forty-eight States and the
District of Columbia after December 5, 1941, and prior
to August 10, 1946, the last sentence of section 202 (g)
of the Social Security Act shall not be applicable if appli-
cation for a lump-sum death payment is filed prior to 1952.

MAXIMUM BENEFITS

Sec. 102. (a) So much of section 203 of the Social
Security Act as precedes subsection (d) is amended to read
as follows:

"REDUCTION OF INSURANCE BENEFITS OTHER THAN
DISABILITY BENEFITS

"Maximum Benefits

"Sec. 203. (a) Whenever the total of monthly benefits
to which individuals are entitled under section 203 for a
month on the basis of the wages or self-employment income
of an individual exceeds $150, or exceeds 80 per centum
of his average monthly wage (as defined in section 215
(c)), such total of benefits shall, after any deductions
under this section, be reduced to $150 or to 80 per centum
of his average monthly wage, whichever is the lesser.
Whenever a reduction is made under this subsection, each
benefit, except the old-age insurance benefit, shall be pro-
portionately decreased."
(b) The amendment made by subsection (a) of this section shall be applicable with respect to benefits for months after 1949.

DEDUCTIONS FROM BENEFITS

Sec. 103. (a) Subsections (d), (e), (f), (g), and (h) of section 203 of the Social Security Act are amended to read as follows:

"Deductions on Account of Work or Failure to Have Child in Care

"(b) Deductions, in such amounts and at such time or times as the Administrator shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month after 1949—

"(1) in which such individual is under the age of seventy-five and in which he rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than $50; or

"(2) in which such individual is under the age of seventy-five and for which month he is charged, under the provisions of subsection (e) of this section, with net earnings from self-employment of more than $50; or

"(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did
not have in her care (individually or jointly with her
husband) a child of her husband entitled to a child's
insurance benefit; or

"(4) in which such individual, if a widow entitled
to a mother's insurance benefit, did not have in her care
a child of her deceased husband entitled to a child's
insurance benefit; or

"(5) in which such individual, if a former wife
divorced entitled to a mother's insurance benefit, did
not have in her care a child of her deceased former
husband, who (A) is her son, daughter, or legally
adopted child and (B) is entitled to a child's insurance
benefit with respect to the wages or self-employment
income of her deceased former husband.

"Deductions From Dependents' Benefits Because of Work
by Old-Age Insurance Beneficiary

"(e) Deductions shall be made from any wife's or child's
insurance benefit to which a wife or child is entitled, until
the total of such deductions equals such wife's or child's in-
surance benefit or benefits under section 202 for any month
after 1949—

"(f) in which the individual, on the basis of whose
wages or self-employment income such benefit was pay-
able, is under the age of seventy-five and in which he
rendered services for wages (as determined under section
209 without regard to subsection (a) thereof) of more
than $50; or
"(2) in which the individual referred to in para-
graph (1) is under the age of seventy-five and for
which month he is charged, under the provisions of
subsection (e) of this section, with net earnings from
self-employment of more than $50;
"Occurrence of More Than One Event
"(d) If more than one event specified in subsections
(b) and (e) occurs in any one month which would occasion
deductions equal to a benefit for such month, only an amount
equal to such benefit shall be deducted. The charging of
net earnings from self-employment to any month shall be
treated as an event occurring in the month to which such
net earnings are charged.
"Months to Which Net Earnings Are Charged
"(e) For the purposes of subsections (b) and (e)—
"(1) If an individual's net earnings from self-
employment for his taxable year are not more than
the product of $50 times the number of months in such
year, no month in such year shall be charged with more
than $50 of net earnings from self-employment.
"(2) If an individual's net earnings from self-
employment for his taxable year are more than the prod-
uct of $50 times the number of months in such year, each
month of such year shall be charged with $50 of net earnings from self-employment, and the amount of such net earnings in excess of such product shall be further charged to months as follows: The first $50 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $50 per month to each preceding month in such year until all of such balance has been applied, except that no part of such excess shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which an event described in paragraph (1), (2), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment.

"(B) (A) As used in paragraph (2), the term 'last month of such taxable year' means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

"(B) For the purposes of clause (D) of paragraph (2), an individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the
Administrator that such individual rendered no sub-
stantial services in such month with respect to any
trade or business the net income or loss of which is
includible in computing his net earnings from self-
employment for any taxable year. The Administrator
shall by regulations prescribe the methods and criteria
for determining whether or not an individual has
rendered substantial services with respect to any trade
or business.

"Penalty for Failure to Report Certain Events

"(f) Any individual in receipt of benefits subject to
deduction under subsection (b) or (c) (or who is in
receipt of such benefits on behalf of another individual),
because of the occurrence of an event specified therein (other
than an event described in subsection (b) (2) or (c) (2)),
shall report such occurrence to the Administrator prior
to the receipt and acceptance of an insurance benefit for
the second month following the month in which such event
occurred. Any such individual having knowledge thereof,
who fails to report any such occurrence, shall suffer an
additional deduction equal to that imposed under subsection
(b) or (c), except that the first additional deduction im-
posed by this subsection in the case of any individual shall
not exceed an amount equal to one month's benefit even
though the failure to report is with respect to more than
one month:

"Report to Administrator of Net Earnings From
Self-Employment

"(g) (1) If an individual is entitled to any monthly in-
insurance benefit under section 202 during any taxable year in
which he has net earnings from self-employment in excess
of the product of $50 times the number of months in such
year, such individual (or the individual who is in receipt of
such benefit on his behalf) shall make a report to the Ad-
ministrator of his net earnings from self-employment for such
taxable year. Such report shall be made on or before the
fifteenth day of the third month following the close of such
year, and shall contain such information and be made in such
manner as the Administrator may by regulations prescribe.
Such report need not be made for any taxable year beginning
with or after the month in which such individual attained the
age of seventy-five:

"(2) If an individual fails to make a report required
under paragraph (1), within the time prescribed therein,
of his net earnings from self-employment for any taxable
year and any deduction is imposed under subsection (b) (2)
by reason of such net earnings—

"(A) such individual shall suffer one additional
deduction in an amount equal to his benefit or benefits
for the last month in such taxable year for which he
was entitled to a benefit under section 202; and

"(B) if the failure to make such report continues
after the close of the fourth calendar month following the
close of such taxable year, such individual shall suffer
an additional deduction in the same amount for each
month or fraction thereof during which such failure
continues after such fourth month;

except that the number of the additional deductions required
by this paragraph shall not exceed the number of months in
such taxable year for which such individual received and
accepted insurance benefits under section 202 and for which
deductions are imposed under subsection (b) (2) by
reason of such net earnings from self-employment. If
more than one additional deduction would be imposed under
this paragraph with respect to a failure by an individual
to file a report required by paragraph (1) and such failure
is the first for which any additional deduction is imposed
under this paragraph, only one additional deduction shall
be imposed with respect to such first failure.

"(3) If the Administrator determines, on the basis of
information obtained by or submitted to him, that it may
reasonably be expected that an individual entitled to bene-
fits under section 202 for any taxable year will suffer deduc-
tions imposed under subsection (b) (2) by reason of his net earnings from self-employment for such year, the Administrator may, before the close of such taxable year, suspend the payment for each month in such year (or for only such months as the Administrator may specify) of the benefits payable on the basis of such individual's wages and self-employment income; and such suspension shall remain in effect with respect to the benefits for any month until the Administrator has determined whether or not any deduction is imposed for such month under subsection (b). The Administrator is authorized, before the close of the taxable year of an individual entitled to benefits during such year, to request of such individual that he make, at such time or times as the Administrator may specify, a declaration of his estimated net earnings from self-employment for the taxable year and that he furnish to the Administrator such other information with respect to such net earnings as the Administrator may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (b) (2) by reason of his net earnings from self-employment for such year.

"Deductions With Respect to Certain Lump Sum Payments" (h): Deductions shall also be made from any old-age
insurance benefit to which an individual is entitled, or from any other insurance benefit payable on the basis of such individual's wages or self-employment income, until such deductions total the amount of any lump sum paid to such individual under section 204 of the Social Security Act in force prior to the date of enactment of the Social Security Act Amendments of 1939.

"Attainment of Age Seventy-five

"(i) For the purposes of this section, an individual shall be considered as seventy-five years of age during the entire month in which he attains such age."

(b) The amendments made by this section shall take effect January 1, 1950.

DEFINITIONS

Sec. 104. (a) Title II of the Social Security Act is amended by striking out section 200 and inserting in lieu thereof the following:

"DEFINITION OF WAGES

"Sec. 200. For the purposes of this title, the term 'wages' means remuneration paid prior to 1950 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1949 for employment, including the cash value of all remuneration paid in any medium other than cash; except
that, in the case of remuneration paid after 1940, such term shall not include—

"(a) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $2,600 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer during any calendar year acquires substantially all the property used in a trade or business of another person (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether such employer has paid remuneration (other than remuneration referred to in the succeeding subsections of this section) with respect to employment equal to $2,600 to such individual during such calendar year, any remuneration with respect to employment paid (or considered under this subsection as having been paid) to such individual by such predecessor during such calendar year.
and prior to such acquisition shall be considered as
having been paid by such employer;

"(b) The amount of any payment made to, or on
behalf of, an employee under a plan or system estab-
lished by an employer which makes provision for his
employees generally or for a class or classes of his
employees (including any amount paid by an employer
for insurance or annuities, or into a fund, to provide
for any such payment), on account of (1) retirement,
or (2) sickness or accident disability, or (3) medical
or hospitalization expenses in connection with sickness
or accident disability, or (4) death;

"(c) Any payment made to an employee (including
any amount paid by an employer for insurance or
annuities, or into a fund, to provide for any such pay-
ment) on account of retirement;

"(d) Any payment on account of sickness or
accident disability, or medical or hospitalization ex-
enses in connection with sickness or accident disability,
made by an employer to, or on behalf of, an employee
after the expiration of six calendar months following
the last calendar month in which the employee worked
for such employer;

"(e) Any payment made to, or on behalf of, an
employee (1) from or to a trust exempt from tax
under section 165 (a) of the Internal Revenue Code
at the time of such payment unless such payment is
made to an employee of the trust as remuneration for
services rendered as such employee and not as a bene-
ciciary of the trust; or (2) under or to an annuity plan
which, at the time of such payment, meets the require-
ments of section 165 (a) (3), (4), (5), and (6)
of such code;

"(f) The payment by an employer (without de-
duction from the remuneration of the employee) (1)
of the tax imposed upon an employee under section
1400 of the Internal Revenue Code, or (2) of any
payment required from an employee under a State
unemployment compensation law;

"(g) Remuneration paid in any medium other than
cash to an employee for service not in the course of
the employer's trade or business (including domestic
service in a private home of the employer); or

"(h) Any payment (other than vacation or sick
pay) made to an employee after the month in which
he attains retirement age (as defined in section 216
(a)), if he did not work for the employer in the period
for which such payment is made.

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Tips and other cash remuneration customarily received by an employee in the course of his employment from persons other than the person employing him shall, for the purposes of this title, be considered as remuneration paid to him by his employer; except that, in the case of tips, only so much of the amount thereof received during any calendar quarter as the employee, before the expiration of ten days after the close of such quarter, reports in writing to his employer as having been received by him in such quarter shall be considered as remuneration paid by his employer, and the amount so reported shall be considered as having been paid to him by his employer on the date on which such report is made to the employer.

DEFINITION OF EMPLOYMENT

Sec. 204. For the purposes of this title—

Employment

(a) The term 'employment' means any service performed after 1936 and prior to 1950 which was employment for the purposes of this title under the law applicable to the period in which such service was performed, and any service of whatever nature performed after 1949 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either; (i) within the United States; or (ii) on or in connection with an American vessel or American aircraft under a contract of service which
is entered into within the United States or during the performance of which the vessel or aircraft touches at a port in the United States; if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (c)); except that, in the case of service performed after 1949, such term shall not include—

"(1) Agricultural labor (as defined in subsection (f));

"(2) (A) Service not in the course of the employer's trade or business (including domestic service in a private home of the employer) performed on a farm operated for profit;

"(B) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

"(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $25 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be
regularly employed by an employer during a calendar
quarter only if (A) such individual performs for such
employer service not in the course of the employer's
trade or business during some portion of at least twenty-
six days during such quarter; or (B) if such individual
was regularly employed (as determined under clause
(A)) by such employer in the performance of such
service during the preceding calendar quarter. As used
in this paragraph, the term 'service not in the course
of the employer's trade or business' includes domestic
service in a private home of the employer;

"(4) Service performed by an individual in the
employ of his son, daughter, or spouse, and service
performed by a child under the age of twenty-one in
the employ of his father or mother;

"(5) Service performed by an individual on or
in connection with a vessel not an American vessel,
or on or in connection with an aircraft not an American
aircraft, if the individual is employed on and in connec-
tion with such vessel or aircraft when outside the United
States;

"(6) Service performed in the employ of any in-
strumentality of the United States, if such instrumentality
is exempt from the tax imposed by section 1410 of the
Internal Revenue Code by virtue of any provision of
law which specifically refers to such section in granting
such exemption;

"(7) Service performed in the employ of the
United States, or in the employ of any instrumentality
of the United States which is partly or wholly owned
by the United States, but only if (i) such service is
covered by a retirement system, established by a law
of the United States, for employees of the United States
or of such instrumentality, or (ii) such service is
performed—

"(A) by the President or Vice President of
the United States or by a Member, Delegate, or
Resident Commissioner, or to the Congress;

"(B) in the legislative branch;

"(C) in the field service of the Post Office
Department;

"(D) in or under the Bureau of the Census
of the Department of Commerce by temporary em-
ployees employed for the taking of any census;

"(E) by any employee who is excluded by
Executive order from the operation of the Civil
Service Retirement Act of 1930 because he is paid
on a contract or fee basis;

"(F) by any employee receiving nominal com-
pensation of $12 or less per annum;
"(O) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

"(H) by any employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1950 because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;

"(I) by any consular agent appointed under authority of section 554 of the Foreign Service Act of 1946 (22 U. S. C., see: 951);

"(J) by any employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., see: 1052);

"(K) in the employ of the Tennessee Valley Authority in a position which is covered by a retirement system established by such Authority;

"(L) by any employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other emergency; or

"(M) by any employee who is employed under a Federal relief program to relieve him from unemployment;
"(a) Service (other than service included under an agreement under section 218 and other than service to which subparagraph (B) of this paragraph is applicable) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

"(b) Service (other than service included under an agreement under section 218) performed in the employ of any political subdivision of a State in connection with the operation of any public transportation system unless such service is performed by an employee who—

"(i) became an employee of such political subdivision in connection with and at the time of its acquisition after 1936 of such transportation system or any part thereof; and

"(ii) prior to such acquisition rendered services in employment (as an employee of a person other than one designated in subparagraph (A) of this paragraph) in connection with the operation of such transportation system or part thereof.

In the case of an employee described in clauses (i) and (ii) who became such an employee in connection with an acquisition made prior to 1950, this subparagraph shall not be applicable with respect to such employee
if the political subdivision employing him files with the Commissioner of the Internal Revenue prior to January 1, 1950, a statement that it does not favor the inclusion under this subparagraph of any individual who became an employee in connection with such acquisitions made prior to 1950. For the purposes of this subparagraph the term 'political subdivision' includes an instrumentality of one or more political subdivisions of a State;

"(9) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

"(10) Service performed by an individual as an employee or employee representative as defined in section 1582 of the Internal Revenue Code;

"(11) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code, if the remuneration for such service is less than $100;

"(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;
“(12) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a non-diplomatic representative); 

“(13) Service performed in the employ of an instrumentality wholly owned by a foreign government— 

“(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and 

“(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof; 

“(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;
"(15) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);

"(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

"(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at
which the newspapers or magazines are charged to him;
whether or not he is guaranteed a minimum amount of
compensation for such service, or is entitled to be
ereded with the unsold newspapers or magazines
turned back;

"(17) Service performed in the employ of an inter-
national organization entitled to enjoy privileges, ex-
emptions, and immunities as an international organiza-
tion under the International Organizations Immunities
Act (50 Stat. 669); or

"(18) Service performed by an individual in the
sale or distribution of goods or commodities for another
person, off the premises of such person, under an ar-
angement whereby such individual receives his entire
remuneration (other than prizes) for such service
directly from the purchasers of such goods or commodi-
ties, if such person makes no provision (other than by
correspondence) with respect to the training of such
individual for the performance of such service and
imposes no requirement upon such individual with re-
spect to (A) the fitness of such individual to perform
such service, (B) the geographical area in which such
service is to be performed, (C) the volume of goods
or commodities to be sold or distributed, or (D) the
selection or solicitation of customers.
"Included and Excluded Service"

"(b) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment.

As used in this subsection, the term 'pay period' means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (10) of subsection (a).

"American Vessel"

"(c) The term 'American vessel' means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents
of the United States or corporations organized under the
laws of the United States or of any State.

"American Aircraft

"(d) The term 'American aircraft' means an aircraft registered under the laws of the United States.

"American Employer

"(e) The term 'American employer' means an employer which is (1) the United States or any instrumentality thereof, (2) a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing, (3) an individual who is a resident of the United States, (4) a partnership, if two-thirds or more of the partners are residents of the United States, (5) a trust, if all of the trustees are residents of the United States, or (6) a corporation organized under the laws of the United States or of any State.

"Agricultural Labor

"(f) The term 'agricultural labor' includes all service performed—

"(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding,
caring for, training, and management of livestock, bees, 
poultry, and fur-bearing animals and wildlife.

(2) In the employ of the owner or tenant or other 
operator of a farm, in connection with the operation, 
management, conservation, improvement, or mainte-
nance of such farm and its tools and equipment, or in 
salvaging timber or clearing land of brush and other 
debris left by a hurricane, if the major part of such 
service is performed on a farm.

(3) In connection with the production or harvest-
ing of any commodity defined as an agricultural com-
modity in section 15 (g) of the Agricultural Marketing 
Act, as amended, or in connection with the ginning of 
cotton.

(4)(A) In the employ of the operator of a farm 
in handling, planting, drying, packing, packaging, pro-
cessing, freezing, grading, storing, or delivering to storage 
or to market or to a carrier for transportation to market, 
in its unmanufactured state, any agricultural or horti-
cultural commodity; but only if such operator produced 
more than one-half of the commodity with respect to 
which such service is performed.

(B) In the employ of a group of operators of 

farms (other than a cooperative organization) in the 

performance of services described in subparagraph (A).
but only if such operators produced all of the commodity
with respect to which such service is performed. For
the purposes of this subparagraph, any unincorporated
group of operators shall be deemed a cooperative organi-
ization if the number of operators comprising such group
is more than twenty at any time during the calendar
quarter in which such service is performed.

"(C) The provisions of subparagraphs (A) and
(B) shall not be deemed to be applicable with respect to
service performed in connection with commercial can-
ning or commercial freezing or in connection with any
agricultural or horticultural commodity after its delivery
to a terminal market for distribution for consumption.

"Farm

"(g) The term 'farm' includes stock, dairy, poultry,
fruit, fur-bearing animal, and truck farms, plantations,
ranches, nurseries, ranges, greenhouses or other similar
structures used primarily for the raising of agricultural or
horticultural commodities, and orchards.

"State

"(h) The term 'State' includes Alaska, Hawaii, the
District of Columbia, and the Virgin Islands; and on and
after the effective date specified in section 224 such term
includes Puerto Rico.
"United States

"(i) The term 'United States' when used in a geographical sense means the States; Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 221 such term includes Puerto Rico.

"Citizen of Puerto Rico

"(j) An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States shall not be considered, for the purposes of this section, as a citizen of the United States prior to the effective date specified in section 221.

"Employee

"(k) The term 'employee' means—

"(1) any officer of a corporation; or

"(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee. For purposes of this paragraph, if an individual (either alone or as a member of a group) performs service for any other person under a written contract expressly reciting that such person shall have complete control over the performance of such service and that such individual is an employee, such individual with respect
to such service shall, regardless of any modification not in writing, be deemed an employee of such person (or, if such person is an agent or employee with respect to the execution of such contract, the employee of the principal or employer of such person); or

"(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

"(A) as an outside salesman in the manufac-
turing or wholesale trade;

"(B) as a full-time life insurance salesman;

"(C) as a driver-lessee of a taxicab;

"(D) as a home worker on materials or goods which are furnished by the person for whom the services are performed and which are required to be returned to such person or to a person designated by him;

"(E) as a contract-logger;

"(F) as a lessee or licensee of space within a mine when substantially all of the product of such services is required to be sold or turned over to the lessor or licensor; or

"(G) as a house-to-house salesman if under H. R. 6000—4
the contract of service or in fact such individual (i) is required to meet a minimum sales quota, or (ii) is expressly or impliedly required to furnish the services with respect to designated or regular customers or customers along a prescribed route, or (iii) is prohibited from furnishing the same or similar services for any other person—

if the contract of service contemplates that substantially all of such services (other than the services described in subparagraph (E)) are to be performed personally by such individual; except that an individual shall not be included in the term 'employee' under the provisions of this paragraph if such individual has a substantial investment (other than the investment by a salesman in facilities for transportation) in the facilities of the trade, occupation, business, or profession with respect to which the services are performed, or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed; or

"(4) any individual who is not an employee under paragraph (1), (2), or (3) of this subsection but who, in the performance of service for any person for remuneration, has, with respect to such service, the status of an employee, as determined by the
combined effect of (A) control over the individual; (B) permanency of the relationship; (C) regularity and frequency of performance of the service; (D) integration of the individual's work in the business to which he renders service; (E) lack of skill required of the individual; (F) lack of investment by the individual in facilities for work, and (G) lack of opportunities of the individual for profit or loss.

"SELF-EMPLOYMENT"

"SEC. 214. For the purposes of this title—

"Net Earnings from Self-Employment

"(a) The term 'net earnings from self-employment' means the gross income, as computed under chapter 1 of the Internal Revenue Code, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the net income or loss, as computed under such chapter, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership net income or loss—

"(t) There shall be excluded rentals from real estate (including personal property leased with the real
and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;

"(2) There shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f); and there shall be excluded all deductions attributable to such income;

"(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof) unless such dividends and interest are received in the course of a trade or business as a dealer in stocks or securities;

"(4) There shall be excluded any gain or loss (A) which is considered under chapter 4 of the Internal Revenue Code as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (f) of such code is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property
if such property is neither (i) stock in trade or other
property of a kind which would properly be includible
in inventory if on hand at the close of the taxable year;
nor (ii) property held primarily for sale to customers in
the ordinary course of the trade or business;

"(5) The deduction for net operating losses pro-
vided in section 23 (a) of such code shall not be allowed;

"(6) (A) If any of the income derived from a
trade or business (other than a trade or business car-
rried on by a partnership) is community income under
community property laws applicable to such income;
all of the gross income and deductions attributable to
such trade or business shall be treated as the gross in-
come and deductions of the husband unless the wife
exercises substantially all of the management and con-
trol of such trade or business, in which case all of such
gross income and deductions shall be treated as the gross
income and deductions of the wife;

"(B) If any portion of a partner's distributive share
of the net income or loss from a trade or business carried
on by a partnership is community income or loss under
the community property laws applicable to such share, all
of such distributive share shall be included in computing
the net earnings from self-employment of such partner,
and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

"(7) In the case of any taxable year beginning on or after the effective date specified in section 221, (A) the term 'possession of the United States' as used in section 254 of the Internal Revenue Code shall not include Puerto Rico, and (B) a citizen or resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States, and without regard to the provisions of section 252 of such code;

"(8) There shall be excluded income derived from a trade or business of publishing a newspaper or other publication having a paid circulation; together with the income derived from other activities conducted in connection with such trade or business; and there shall be excluded all deductions attributable to such income.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to 1950) ending within or with his taxable year.
"Self-Employment Income

"(b) The term 'self-employment income' means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after 1949; except that such term shall not include—

"(1) That part of the net earnings from self-employment which is in excess of: (A) $3,600; minus (B) the amount of the wages paid to such individual during the taxable year; or

"(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

In the case of any taxable year beginning prior to the effective date specified in section 224, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States during such taxable year shall be considered, for the purposes of this subsection, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 224) a resident of Puerto Rico shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.
"Trade or Business

"(e) The term 'trade or business', when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 22 of the Internal Revenue Code, except that such term shall not include—

"(1) The performance of the functions of a public office;

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (16) (B) or section 210 (a) (18) performed by an individual who has attained the age of eighteen);

"(3) The performance of service by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;

"(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or

"(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, or optometrist, or as a Christian Science practitioner, or as an
aeronautical, chemical, civil, electrical, mechanical,
metallurgical, or mining engineer; or the performance
of such service by a partnership.

Partnership and Partner

"(d) The term 'partnership' and the term 'partner'
shall have the same meaning as when used in supplement
F of chapter 1 of the Internal Revenue Code.

Taxable Year

"(e) The term 'taxable year' shall have the same
meaning as when used in chapter 1 of the Internal Revenue
Code; and the taxable year of any individual shall be a
calendar year unless he has a different taxable year for the
purposes of chapter 1 of such code, in which case his taxable
year for the purposes of this title shall be the same as his
taxable year under such chapter 1.

CREDITING OF SELF-EMPLOYMENT INCOME TO CALENDAR
YEARS

"Sec. 212. For the purposes of determining the average
monthly wage, quarters of coverage, and years of coverage;
the amount of self-employment income derived during any
taxable year shall be credited to calendar years as follows:

"(1) In the case of a taxable year which is a
calendar year, or which begins and ends in the same
calendar year, the self-employment income of such tax-
able year shall be credited to such calendar year.
"(2) In the case of a taxable year which begins in one calendar year and ends in another calendar year, the calendar year in which such taxable year began shall be credited with the same proportion of the self-employment income derived during the taxable year as the number of months in such calendar year which are included in such taxable year is of the number of months in the taxable year, and the balance of such self-employment income shall be credited to the calendar year in which such taxable year ended. For the purposes of this paragraph a fractional part of a month shall be considered as a month:

"QUARTER AND QUARTER OF COVERAGE"

"Definitions"

Sec. 213. (a) For the purposes of this title—

"(1) The term 'quarter', and the term 'calendar quarter', means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

"(2) (A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1950, a quarter in which the individual has been paid $50 or more in wages. In the case of any individual who has been paid, in a calendar year prior to 1950, $3,000 or more in wages each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such
year in which such individual died or became entitled to a
primary insurance benefit and any quarter succeeding such
quarter in which he died or became so entitled:

"(B) The term 'quarter of coverage' means, in the case
of a quarter occurring after 1949, a quarter in which the
individual has been paid $100 or more in wages or for which
he has been credited (as determined under subsection (b))
with $200 or more of self-employment income, except
that—

"(i) no quarter after the quarter in which such
individual died shall be a quarter of coverage;

"(ii) no quarter any part of which is included in
a period of disability (as defined in section 219 (i)),
other than the initial or last quarter, shall be a quarter
of coverage;

"(iii) if the sum of the wages paid to an individual
in a calendar year and his self-employment income
ered to such year (as determined under section 212)
is equal to or exceeds $3,600, each quarter of such year
shall (subject to clauses (i) and (ii)) be a quarter of
coverage; and

"(iv) no quarter shall be counted as a quarter of
coverage prior to the beginning of such quarter.
"Crediting of Self-Employment Income to Quarters in a Calendar Year

(b) For the purposes of subsection (a)—

(1) If an individual's self-employment income credited to a calendar year (as determined under section 212) is $800 or more, one-fourth of such self-employment income shall be credited to each quarter in such year.

(2) Except as provided in paragraph (3), if an individual's self-employment income credited to the calendar year is less than $800, the first $200 thereof shall be credited to the last quarter of such year which is not a quarter of coverage by reason of wages paid to him in such year, and the balance of such self-employment income, if any, shall be credited at the rate of $200 to each preceding quarter in the calendar year which is not a quarter of coverage by reason of wages so paid until all of such balance has been credited.

If the individual died during such year, the quarter in which he died shall be considered to be the last quarter in such calendar year.

(3) If an individual's self-employment income credited to the calendar year is less than $800 and (A) such individual attained retirement age in or prior to such calendar year, or (B) such individual's disability determination date (as determined under section
219 (c) occurs in such calendar year, the first
$200 of such self-employment income shall be
credited to the first quarter of such year which is
not a quarter of coverage by reason of wages
paid to him, in such year, and the balance thereof,
if any, shall be credited at the rate of $200 to each
succeeding quarter in the calendar year which is not a
quarter of coverage by reason of wages so paid until
all of such balance has been credited:

"Crediting of Wages Paid in 1937

"(c) With respect to wages paid to an individual in
the six-month periods commencing either January 1, 1937,
or July 1, 1937; (A) if wages of not less than $100 were
paid in any such period, one-half of the total amount thereof
shall be deemed to have been paid in each of the calendar
quarters in such period; and (B) if wages of less than $100
were paid in any such period, the total amount thereof shall
be deemed to have been paid in the latter quarter of such
period, except that if in any such period, the individual
attained age sixty-five, all of the wages paid in such period
shall be deemed to have been paid before such age was
attained.

"INSURED STATUS FOR PURPOSES OF OLD-AGE AND
SURVIVORS INSURANCE BENEFITS

"Sec. 214. For the purposes of this title—
"Fully Insured Individual"

"(a)" (1) The term ‘fully insured individual’ means any individual who had not less than—

"(A)" one quarter of coverage (as determined under section 213 (a) (2)) for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever quarter is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, and in no case less than six quarters of coverage; or

"(B)" twenty quarters of coverage within the forty-quarter period ending with the quarter in which he attained retirement age or with any subsequent quarter or ending with the quarter in which he died; or

"(C)" forty quarters of coverage;

not counting as an elapsed quarter for purposes of subparagraph (A), and not counting as part of the forty-quarter period referred to in subparagraph (B), any quarter any part of which is included in a period of disability (as defined in section 210 (i)) unless such quarter is a quarter of coverage. When the number of elapsed quarters specified in subparagraph (A) is an odd number, for the purposes of such subparagraph such number shall be reduced by one.
"(2) If an individual upon attainment of retirement age is not, under paragraph (1), a fully insured individual but (were it not for his attainment of retirement age) would have been entitled to a disability insurance benefit for the month in which he attained retirement age or for any subsequent month, he shall be a fully insured individual beginning with the first month for which he would have been so entitled to disability insurance benefits. For the purpose of determining whether an individual would have been so entitled to disability insurance benefits, his application for old-age insurance benefits shall be considered as an application for disability insurance benefits.

"Currently Insured Individual

"(b) The term 'currently insured individual' means any individual who had not less than six quarters of coverage during the thirteen-quarter period ending with the quarter in which he died, excluding from such period any quarter any part of which is included in a period of disability unless such quarter is a quarter of coverage.

"COMPUTATION OF PRIMARY INSURANCE AMOUNT AND DISABILITY INSURANCE BENEFIT

"Sec. 215: For the purposes of this title—

"Primary Insurance Amount and Disability Insurance Benefit

"(a) An individual's 'primary insurance amount'; and
1. An individual's 'disability insurance benefit', means an amount equal to the sum of the following:

   "(1) his base amount multiplied by his continuation factor, and

   "(2) one-half of 1 per centum of his base amount multiplied by the number of his years of coverage.

2. When the primary insurance amount or disability insurance benefit thus computed is less than $25, it shall be increased to $25. (For special rules applicable, in certain cases, for the computation of the primary insurance amount of an individual who died prior to 1950 or who was paid a primary insurance benefit prior to 1950, see section 114 of the Social Security Act Amendments of 1949.)

   "Base Amount

   "(b) An individual's 'base amount' means an amount equal to 50 per centum of the first $100 of his average monthly wage plus 10 per centum of the next $200 of such wage.

   "Average Monthly Wage

   "(c) (1) An individual's 'average monthly wage' means the quotient obtained by dividing (A) the total of his wages and self-employment income during all his years of coverage after his starting date, by (B) the product of twelve times the number of his years of coverage after such starting date; except that if in any case the product deter-
minded under clause (B) is less than sixty it shall be 
increased to sixty. For the purposes of this paragraph an 
individual's 'starting date' shall be 1936, 1940, or the year 
in which he attains the age of twenty-one, whichever results 
in the highest average monthly wage.

"(2) If an individual's average monthly wage com-
puted under paragraph (1) is less than $50, his average 
monthly wage shall be increased to $50.

"(3) For the purposes of this subsection—

(A) in computing an individual's average monthly 
 wage there shall not be counted, in the case of any 
 calendar year after 1940, the excess over $3,600 of 
 (i) the wages paid to him in such year, plus (ii) the 
 self-employment income credited to such year (as 
 determined under section 212); 

"(B) if the total of an individual's wages and self-
employment income for any calendar year is not a 
 multiple of $1, such total shall be reduced to the next 
 lower multiple of $1; and

"(C) if an individual's average monthly wage com-
puted under paragraph (1) of this subsection is not 
a multiple of $1, it shall be reduced to the next lower 
 multiple of $1.

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"Continuation Factor

(d) In the case of any individual who dies or attains retirement age before 1956 or dies before the year in which he attains the age of twenty-eight, the continuation factor shall be one. In all cases, the continuation factor of an individual shall be the quotient obtained by dividing (1) the number of his years of coverage after his starting date, or the number 5, whichever is the greater, by (2) the number of his continuation factor years; except that if such quotient is greater than one it shall be reduced to one. For the purposes of this subsection, an individual's starting date shall be 1936 or 1949, whichever results in the higher continuation factor. His continuation factor years shall be the calendar years elapsing after his starting date (or after the year in which he attained the age of twenty-one, if later) and prior to the year in which he attained retirement age, or died, whichever first occurred, or, if the computation under this subsection is being made for an individual who is entitled to disability insurance benefits with respect to a disability, prior to the year in which occurs his disability determination date (as determined under section 210 (e)) for such disability; but no such calendar year, any part of which was included in a period of disability (as defined in
section 210)- (i), shall be a continuation factor year unless such calendar year was a year of coverage.

"Year of Coverage

"(c) A 'year of coverage' for any individual means—

"(1) in the case of any calendar year prior to 1950, a year in which the sum of the wages paid to him in such year was $200 or more; and

"(2) in the case of any calendar year after 1949, a year in which the sum of (A) the wages paid to him in such year and (B) his self-employment income credited to such year (as determined under section 212) was $400 or more.

"Treatment of Wages and Self-employment Income in Year of Computation

"(f) For the purposes of this section (other than subsection (g))—

"(1) in computing an individual's average monthly wage and his years of coverage with respect to an application for old-age or disability insurance benefits, there shall be taken into account only the self-employment income of such individual for taxable years ending prior to the date on which he filed such application, and there shall be counted only the wages paid to him prior to
the quarter in which he filed such application.

For the purposes of this paragraph an individual who was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age shall be deemed to have filed an application for old-age insurance benefits on the date he attained retirement age; and

"(2) in computing the average monthly wage and the years of coverage of an individual who died, there shall not be counted wages (other than compensation described in section 205 (p)) paid in or after the quarter in which he died.

"Recomputation of Benefits"

"(g) (1) After an individual's primary insurance amount has been determined under this section (or under section 111 of the Social Security Act Amendments of 1949, if applicable), there shall be no recomputation of such individual's primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who dies after 1949 and prior to July 27, 1954, as provided in section 217 (b). An individual's disability insurance benefit shall not be recomputed except as provided in paragraph (3) of this subsection.

"(2) Upon application by an individual entitled to old-age insurance benefits, the Administrator shall recom-
pute his primary insurance amount if the application therefor
is filed after the twelfth month for which deductions under
section 202 (b) (1) and (2) have been imposed (within
a period of thirty-six months) with respect to such benefit,
not taking into account any month prior to 1950 or prior
to the earliest month for which the last previous compu-
tation of his primary insurance amount was effective. A
recomputation under this paragraph shall take into account
only (A) wages paid to such individual prior to the year
in which such application is filed and (B) his self-employ-
ment income for taxable years ending prior to the date of
such application. Such recomputation shall be effective
for and after the month in which such application is filed.

"(2) If upon application by an individual for old-age
or disability insurance benefits such individual had less than
five years of coverage, the Administrator shall recompute
his primary insurance amount or his disability insurance
benefit, as the case may be, by taking into account only
(A) the wages and self-employment income which were
included in the original computation of his average monthly
wage and (B) his self-employment income for the taxable
year in which he filed application for the old-age or dis-
ability insurance benefits. Such recomputation shall be
effective for and after the first month following the close of
such taxable year.
“(4) Upon the death after 1949 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages or self-employment income of such individual, the Administrator shall recompute the decedent’s primary insurance amount, but (except as provided in paragraph (3)) only if—

“(A) the decedent would have been entitled to a recomputation under paragraph (2) if he had filed application therefor in the month in which he died; or

“(B) the decedent during his lifetime was paid compensation which is treated, under section 205 (p), as remuneration for employment.

If the recomputation is required by subparagraph (A), the recomputation shall take into account only the following:

The self-employment income of the decedent for all taxable years other than his last taxable year, the wages (other than compensation described in section 205 (p)) paid to him prior to the year in which he died, and the compensation (described in section 205 (p)) paid to him prior to his death. If the recomputation is not permitted under subparagraph (A) but is required by subparagraph (B), the recomputation shall take into account only the following:

The wages and self-employment income which were per-
mitted to be taken into account in the last previous computa-
tion of the primary insurance amount of such individual
(including any recomputation required by paragraph (3)),
and the compensation (described in section 205 (p)) paid
to him prior to his death.

"(5) Any recomputation under this subsection shall
be effective only if such recomputation results in a higher
primary insurance amount or disability insurance benefit.
No such recomputation shall, for the purposes of section
203 (a), lower the average monthly wage.

"Rounding of Benefits

"(b) The amount of any primary insurance amount
and of any disability insurance benefit and the amount of
any monthly benefit computed under section 202 which,
after reduction under section 203 (a) or section 210 (e),
is not a multiple of $0.10 shall be raised to the next higher
multiple of $0.10.

"OTHER DEFINITIONS

"Sec. 216. For the purposes of this title—

"Retirement Age

"(a) The term 'retirement age' means age sixty-five.

"Wife

"(b) The term 'wife' means the wife of an individual,
but only if she (1) is the mother of his son or daughter, or
(2) was married to him for a period of not less than three
years immediately preceding the day on which her applica-
tion is filed.

"Widow"

"(e) The term 'widow' (except when used in section
202 (g)) means the surviving wife of an individual, but only
if she (1) is the mother of his son or daughter, (2) legally
adopted his son or daughter while she was married to him
and while such son or daughter was under the age of eight-
een; (3) was married to him at the time both of them legally
adopted a child under the age of eighteen; or (4) was mar-
rried to him for a period of not less than one year immedi-
ately prior to the day on which he died.

"Former Wife Divorced"

"(d) The term 'former wife divorced' means a woman
divorced from an individual, but only if she (1) is the
mother of his son or daughter; (2) legally adopted his son or
daughter while she was married to him and while such son
or daughter was under the age of eighteen; or (3) was
married to him at the time both of them legally adopted a
child under the age of eighteen.

"Child"

"(c) The term 'child' means (1) the child of an in-
dividual, and (2) in the case of a living individual, a step-
child or adopted child who has been such stepchild or
adopted child for not less than three years immediately
preceding the day on which application for child's benefits is
filed; and (2) in the case of a deceased individual, (A) an
adopted child; or (B) a stepchild who has been such stepchild
for not less than one year immediately preceding the day
on which such individual died. In determining whether an
adopted child has met the length of time requirement in
clause (2), time spent in the relationship of stepchild shall
be counted as time spent in the relationship of adopted child.

"Determination of Family Status"

"(f) (1) In determining whether an applicant is the
wife, widow, child, or parent of a fully insured or currently
insured individual for purposes of this title, the Administrator
shall apply such law as would be applied in determining the
devolution of intestate personal property by the courts of the
State in which such insured individual is domiciled at the time
such applicant files application; or, if such insured individual
is dead, by the courts of the State in which he was domiciled
at the time of his death, or if such insured individual is or was
not so domiciled in any State; by the courts of the District of
Columbia. Applicants who according to such law would have
the same status relative to taking intestate personal property
as a wife, widow, child, or parent shall be deemed such.

"(2) A wife shall be deemed to be living with her hus-
band if they are both members of the same household, or she
is receiving regular contributions from him toward her sup-
port, or he has been ordered by any court to contribute to her
support; and a widow shall be deemed to have been living
with her husband at the time of his death if they were both
members of the same household on the date of his death; or
she was receiving regular contributions from him toward her
support on such date, or he had been ordered by any court to
contribute to her support."

(b) The amendment made by subsection (a) shall
take effect January 1, 1950, except that—

(1) Section 214 of the Social Security Act shall
be applicable (A) in the case of applications filed
after September 1949 for monthly benefits for months
after 1949, and (B) in the case of applications for lump-
sum death payments with respect to deaths after 1949.

(2) Section 216 of the Social Security Act shall
be applicable in the case of applications filed after
September 1949 for monthly benefits for months after
1949.

(3) If the provisions of section 111 of this Act
are applicable in computing any benefits for months after
1949, section 215 of the Social Security Act shall not
be applicable with respect to such benefits unless and
until such benefits are recomputed under subsection
(g) of such section 215.
WORLD WAR II VETERANS

Sec. 105. Title II of the Social Security Act is amended by striking out section 240 and by adding after section 246 (added by section 104 (a) of this Act) the following:

"BENEFITS IN CASE OF WORLD WAR II VETERANS

Sec. 217. (a) For purposes of determining entitlement to and the amount of any monthly benefit for any month after 1949, or entitlement to and the amount of any lump-sum death payment in case of a death after 1949, payable under this title on the basis of the wages or self-employment income of any World War II veteran, such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of $160 in each month during any part of which he served in the active military or naval service of the United States during World War II. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if a larger benefit or payment, as the case may be, would be payable without its application.

(b) (1) In the case of any World War II veteran who dies during the period of three years immediately following his separation from the active military or naval service of the United States and who (i) died prior to 1950 and on the basis of whose wages no monthly benefit for any
month prior to 1952 was paid and no lump-sum death
payment was made, or (ii) died after 1940, such veteran
shall be deemed to have died a fully insured individual with
an average monthly wage of $160 and, for the purposes of
section 215 (a) (2), to have been paid $400 in wages in
each calendar year in which he had thirty days or more of
active military or naval service after September 16, 1940,
and prior to July 27, 1951. This subsection shall not be
applicable in the case of any monthly benefit or lump-sum
death payment if—

"(A) a larger such benefit or payment, as the case
may be, would be payable without its application;

"(B) any pension or compensation is determined
by the Veterans' Administration to be payable by it on
the basis of the death of such veteran;

"(C) the death of the veteran occurred while he
was in the active military or naval service of the
United States; or

"(D) such veteran has been discharged or released
from the active military or naval service of the United
States subsequent to July 26, 1951.

"(2) Upon an application for benefits or a lump-sum
death payment on the basis of the wages or self-employment
income of any World War II veteran, the Federal Security
Administrator shall make a decision without regard to para-
graph (1) (B) of this subsection unless he has been notified
by the Veterans' Administration that pension or compensa-
tion is determined to be payable by the Veterans' Admin-
istration by reason of the death of such veteran. The
Federal Security Administrator shall thereupon report such
decision to the Veterans' Administration. If the Veterans'
Administration in any such case has made an adjudication
or thereafter makes an adjudication that any pension or
compensation is payable under any law administered by
it, it shall notify the Federal Security Administrator, and the
Administrator shall certify no further benefits for payment;
or shall recompute the amount of any further benefits pay-
able, as may be required by paragraph (1) of this subsection.
Any payments theretofore certified by the Federal Security
Administrator on the basis of paragraph (1) of this sub-
section to any individual, not exceeding the amount of any
accrued pension or compensation payable to him by the
Veterans' Administration, shall (notwithstanding the pro-
visions of section 3 of the Act of August 12, 1935, as
amended (38 U. S. C., sec. 454a)) be deemed to have been
paid to him by such Administration on account of such
accrued pension or compensation. No such payment certi-
fied by the Federal Security Administrator, and no payment
certified by him for any month prior to the first month for
which any pension or compensation is paid by the Veterans'
Administration shall be deemed by reason of this subsection to have been an erroneous payment.

"(c) In the case of any World War II veteran who has died prior to 1950, proof of support required under section 202 (f) may be filed by a parent at any time prior to July 1950 or prior to the expiration of two years after the date of the death of such veteran, whichever is the later.

"(d) There are hereby authorized to be appropriated annually to the Trust Fund such sums as may be necessary to meet the additional cost, resulting from this section, of the benefits (including lump-sum death payments) payable under this title.

"(e) For the purposes of this section—

"(1) The term 'World War II' means the period beginning with September 16, 1940, and ending at the close of July 24, 1947.

"(2) The term 'World War II veteran' means any individual who served in the active military or naval service of the United States at any time during World War II and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the
United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense."

COVERAGE OF STATE AND LOCAL EMPLOYEES

Sec. 106. Title II of the Social Security Act is amended by adding after section 217 (added by section 105 of this Act) the following:

"VOLUNTARY AGREEMENTS FOR COVERAGE OF STATE AND LOCAL EMPLOYEES

"Purpose of Agreement

"Sec. 218. (a) (1) The Administrator shall, at the request of any State, enter into an agreement with such State for the purpose of extending the insurance system established by this title to services (not otherwise included as employment under this title) performed by individuals as employees of such State or any political subdivision thereof. Each such agreement shall contain such provisions, not inconsistent with the provisions of this section, as the State may request.

"(2) Notwithstanding section 210 (a), for the purposes of this title the term 'employment' includes any agricultural labor, domestic service, or service performed by a student, included under an agreement entered into under this section.

"Definitions

"(b) For the purposes of this section—
"(1) The term 'State' does not include the District of Columbia.

"(2) The term 'political subdivision' includes an instrumentality of (A) a State, (B) one or more political subdivisions of a State, or (C) a State and one or more of its political subdivisions.

"(3) The term 'employee' includes an officer of a State or political subdivision.

"(4) The term 'retirement system' means a pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof, and the term 'State-wide retirement system' means a retirement system established by a State which covers any class or classes of its employees and any class or classes of employees of one or more political subdivisions of the State or covers any class or classes of employees of two or more political subdivisions of the State.

"(5) The term 'coverage group' means (A) employees of the State other than those in positions covered by a State-wide retirement system, (B) employees of a political subdivision of a State other than those in positions covered by a State-wide retirement system, or (C) employees of the State and employees of its political subdivisions who are in positions covered by a State-wide retirement system.
"Services Covered

"(e) (1) An agreement under this section shall be applicable with respect to any one or more coverage groups designated by the State.

"(2) In the case of each coverage group to which the agreement applies, the agreement must include all services (other than services excluded by or pursuant to subsection (d) or paragraph (3) or (5) of this subsection) performed by individuals as members of such group.

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any services of an emergency nature or all services in any class or classes of elective positions, part-time positions, or positions the compensation for which is on a fee basis.

"(4) The Administrator shall, at the request of any State, modify the agreement with such State so as to (A) include any coverage group to which the agreement did not previously apply, or (B) include, in the case of any coverage group to which the agreement applies, services previously excluded from the agreement; but the agreement as so modified may not be inconsistent with the provisions of this section applicable in the case of an original agreement with a State.

"(5) Such agreement shall, if the State requests it,
exclude (in the case of any coverage group) any agricultural labor, domestic service, or service performed by a student, designated by the State. This paragraph shall apply only with respect to service which, if performed in the employ of an individual, would be excluded from employment by section 210 (a):

"(6) Such agreement shall exclude services performed by an individual who is employed to relieve him from unemployment and shall exclude services performed in a hospital, home, or other institution by a patient or inmate thereof.

"Referendum in Case of Retirement System

"(d) (1) No agreement with any State may include services performed in positions covered by a retirement system in effect on the date the agreement is entered into unless the State requests such inclusion and the Governor of the State certifies to the Administrator that (A) a written referendum was held (within the period prescribed in paragraph (3) of this subsection) on the question whether services in positions covered by such retirement system should be excluded from or included under the agreement, (B) an opportunity to vote in such referendum was given (and was limited) to the employees who were in such positions at the time the referendum was held and to the individuals who on such date were twenty-one years of age or older and were receiving periodic payments under such
retirement system; and (C) not less than two-thirds of the
voters in such referendum voted in favor of including serv-
ices in such positions under the agreement.

"(2) No modification of an agreement with any State
may provide for the inclusion of services performed in
positions covered by a retirement system in effect on the
date the modification is agreed to unless the State requests
such inclusion and the Governor of the State makes a certi-
fication which meets the requirements of clauses (A), (B),
and (C) of paragraph (1).

"(3) The period within which a referendum must be
held for the purposes of this subsection shall be the period
beginning one year before the effective date of the agree-
ment and ending on the date such agreement is entered
into, except that in the case of a modification of an agreement
such period shall begin one year before the effective date of
the modification and end on the date such modification is
agreed to.

"Payments and Reports by States

"(c) Each agreement under this section shall provide—

"(1) that the State will pay to the Secretary of
the Treasury, at such time or times as the Adminis-
trator may by regulation prescribe, amounts equivalent
to the sum of the taxes which would be imposed by
sections 1400 and 1410 of the Internal Revenue Code
if the services of employees covered by the agreement constituted employment as defined in section 1426 of such code;

"(2) that the State will comply with such regulations relating to payments and reports as the Administrator may prescribe to carry out the purposes of this section.

"Effective Date of Agreement

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification, but in no case prior to January 1, 1950, and in no case (other than in the case of an agreement or modification agreed to prior to January 1, 1952) prior to the first day of the calendar year in which such agreement or modification, as the case may be, is agreed to by the Administrator and the State.

"Termination of Agreement

"(g) (1) Upon giving at least two years' advance notice in writing to the Administrator, a State may terminate, effective at the end of a calendar quarter specified in the notice, its agreement with the Administrator either—

"(A) in its entirety, but only if the agreement has been in effect from its effective date for not less than five years prior to the receipt of such notice; or
"(B) with respect to any coverage group designated by the State, but only if the agreement has been in effect with respect to such coverage group for not less than five years prior to the receipt of such notice.

"(2) If the Administrator, after reasonable notice and opportunity for hearing to a State with whom he has entered into an agreement pursuant to this section, finds that the State has failed or is no longer legally able to comply substantially with any provision of such agreement or of this section, he shall notify such State that the agreement will be terminated in its entirety, or with respect to any one or more coverage groups designated by him, at such time, not later than two years from the date of such notice, as he deems appropriate unless prior to such time he finds that there no longer is any such failure or that the cause for such legal inability has been removed.

"(3) If any agreement entered into under this section is terminated in its entirety, the Administrator and the State may not again enter into an agreement pursuant to this section. If any such agreement is terminated with respect to any coverage group, the Administrator and the State may not thereafter modify such agreement so as to again make the agreement applicable with respect to such coverage group.
"(h) (1) All amounts received by the Secretary of the Treasury under an agreement made pursuant to this section shall be deposited in the Trust Fund.

"(2) If more or less than the correct amount due under an agreement made pursuant to this section is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be prescribed by regulations of the Administrator.

"(3) If an overpayment cannot be adjusted under paragraph (2), the amount thereof and the time or times it is to be paid shall be certified by the Administrator to the Managing Trustee, and the Managing Trustee, through the Fiscal Service of the Treasury Department and prior to any action thereon by the General Accounting Office, shall make payment in accordance with such certification. The Managing Trustee shall not be held personally liable for any payment of payments made in accordance with a certification by the Administrator.

"Regulations

"(i) Regulations of the Administrator to carry out the purposes of this section shall be designed to make the requirements imposed on States pursuant to this section the same, so far as practicable, as those imposed on employers pur-
suant to this title and subchapter A of chapter 9 of the Internal Revenue Code.

"Failure To Make Payments"

"(j) In case any State does not make, at the time or times due, the payments provided for under an agreement pursuant to this section, there shall be added, as part of the amounts due, interest at the rate of 6 per centum per annum from the date due until paid, and the Administrator may, in his discretion, deduct such amounts plus interest from any amounts certified to the Secretary of the Treasury for payment to such State under any other provision of this Act. Amounts so deducted shall be deemed to have been paid to the State under such other provision of this Act. Amounts equal to the amounts deducted under this subsection are hereby appropriated to the Trust Fund.

"Instrumentalities, of Two or More States"

"(k) The Administrator may, at the request of any instrumentality of two or more States, enter into an agreement with such instrumentality for the purpose of extending the insurance system established by this title to services performed by individuals as employees of such instrumentality. Such agreement, to the extent practicable, shall be governed by the provisions of this section applicable in the case of an agreement with a State.
"Delegation of Functions

"(l) The Administrator is authorized, pursuant to agreement with the head of any Federal agency, to delegate any of his functions under this section to any officer or employee of such agency and otherwise to utilize the services and facilities of such agency in carrying out such functions; and payment therefor shall be in advance or by way of reimbursement, as may be provided in such agreement."

DISABILITY INSURANCE BENEFITS

Sec. 107. Title II of the Social Security Act is amended by adding after section 218 (added by section 106 of this Act) the following:

"PERMANENT AND TOTAL DISABILITY INSURANCE BENEFITS

"Conditions of Entitlement

"Sec. 219. (a) (1) Every permanently and totally disabled individual (as defined in subsection (h)) who—

"(A) has not attained retirement age,

"(B) has filed application for disability insurance benefits,

"(C) is insured for disability insurance benefits,

and

"(D) has been under a disability throughout his waiting period,"
shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period 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 ceases to be a permanently and totally disabled individual, dies, or attains retirement age.

"(2) The term 'waiting period' means, with respect to the disability of any individual, the period beginning with the calendar month in which occurred his disability determination date (as determined under subsection (c)) and ending at the expiration of the sixth calendar month following such month.

"(3) An individual who would have been entitled to a disability insurance benefit for any month had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the third month succeeding such month; except that the provisions of this paragraph shall not apply for purposes of determining a period of disability (as defined in subsection (1)), or when a disability determination date occurred.

"(4) No application for disability insurance benefits filed prior to seven months before the first month for which
the applicant becomes entitled to receive such benefits shall be accepted as an application for purposes of this section.

"Determination of Insured Status

"(b) An individual is insured for purposes of disability insurance benefits if he had not less than—

"(1) six quarters of coverage (as determined under section 210 (a) (2)) during the thirteen-quarter period which ends with the quarter in which his disability determination date occurred; and

"(2) twenty quarters of coverage during the forty-quarter period which ends with the quarter in which his disability determination date occurred.

In case such individual was previously entitled to disability insurance benefits, there shall be excluded from the count of the quarters in each period specified in paragraphs (1) and (2) any quarter any part of which was included in a period of disability unless such quarter is a quarter of coverage.

"Disability Determination Date

"(e) For the purposes of this title—

"(1) the disability determination date of any individual who files application for disability insurance benefits prior to 1953 shall be whichever of the following days is the latest: (A) The day the disability began, (B) June 30, 1950, or (C) the first day of the
first quarter in which he would be insured for disability
insurance benefits with respect to such disability if he
had filed application therefor in such quarter; and

"(2) the disability determination date of any in-
dividual who files application for disability insurance
benefits after 1952 shall be whichever of the follow-
ing days is the latest: (A) The day the disability
began; (B) the first day of the tenth month prior to
the month in which he filed such application, or (C)
the first day of the first quarter in which he would
be insured for disability insurance benefits with respect
to such disability if he had filed application therefor
in such quarter.

"Determination of Disability

"(d) The Administrator shall make provision for deter-
minations of disability and redeterminations thereof at neces-
sary intervals, and he shall by regulation provide for such
examinations of individuals as he deems necessary for pur-
poses of determining or redetermining disability and entitle-
ment to benefits by reason thereof. In the case of any
individual submitting to such an examination, the Adminis-
trator may pay, in accordance with regulations prescribed
by him, (1) the necessary travel expenses (including sub-
sistence expenses incident thereto) of such individual in con-
nection with such examination, and (2) if the examination
is made by a physician who is not an employee of the United States, the necessary expenses (including a fee) for such examination. There is hereby authorized to be appropriated for each fiscal year from the Trust Fund such amount as may be necessary for the purposes of this subsection.

"Reduction of Benefit"

"(c) (1) Where a benefit is payable to any individual under this section and a workmen's compensation benefit or benefits have been or are paid to such individual on account of the same disability for the same period of time, such individual's benefit under this section for such month shall, prior to any deductions under section 220, be reduced by one-half, or by an amount equal to one-half of such workmen's compensation benefit or benefits, whichever is the smaller.

"(2) In case the benefit of any individual under this section is not reduced as provided in paragraph (1) because such benefit is paid prior to the payment of the workmen's compensation benefit, the reduction shall be made by deductions, at such time or times and in such amounts as the Administrator may determine, from any other payments under this title payable on the basis of the wages or self-employment income of such individual.

"(3) If the workmen's compensation benefit is payable on other than a monthly basis (excluding a benefit payable
in a lump sum unless it is a commutation of, or a substitute for, periodic payments; reduction of the benefits under this subsection shall be made in such amounts as the Administrator finds will approximate, as nearly as practicable, the reduction prescribed in paragraph (1).

"(4) In order to assure that the purposes of this subsection will be carried out, the Administrator may, as a condition to certification for payment of any disability insurance benefit payable to an individual under this section (if it appears to him that there is a likelihood that such individual may be eligible for a workmen's compensation benefit which would give rise to a reduction under this subsection), require adequate assurance of reimbursement to the Trust Fund in case workmen's compensation benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(5) For purposes of this subsection, the term 'workmen's compensation benefit' means a cash benefit, allowance, or compensation payable under any workmen's compensation law or plan of the United States or of any State.

"Termination of Entitlement to Benefits by Administrator

"(f) In any case in which an individual has refused to submit himself for examination or reexamination in ac-
cording to regulations of the Administrator, or has without good cause refused to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act (20 U. S. C. ch. 4) after being directed by the Administrator to do so; the Administrator may find, solely because of such refusal, that such individual is not a permanently and totally disabled individual or that his disability (previously determined to exist) has ceased. The Administrator may find that an individual is not a permanently and totally disabled individual or that his disability (previously determined to exist) has ceased, if such individual is outside the United States and the Administrator finds that adequate arrangements have not been made for determining or redetermining such individual's disability.

"Cooperation with Agencies and Groups

"(g) The Administrator is authorized to secure the cooperation of appropriate agencies of the United States; of States, or of the political subdivisions of States and the cooperation of private medical, dental, hospital, nursing, health, educational, social, and welfare groups or organizations, and where necessary to enter into voluntary working agreements with any of such public or private agencies, organizations, or groups in order that their advice and serv-
ices may be utilized in the efficient administration of this section.

"Definitions of 'Disability' and 'Permanently and Totally Disabled Individual'

"(h) For the purposes of this title—

"(1) the term 'disability' means (A) inability to engage in any substantially gainful activity by reason of any medically demonstrable physical or mental impairment which is permanent, or (B) blindness; and the term 'permanently and totally disabled individual' means an individual who has such a disability; and

"(2) the term 'blindness' means central visual acuity of 5/200 or less in the better eye with correcting lenses. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purposes of this paragraph as having a central visual acuity of 5/200 or less.

"Definition of Period of Disability'

"(i) As used in this title the term 'period of disability' means, with respect to any individual, a period of one or more consecutive calendar months for each of which such individual was entitled to a disability insurance benefit and—

"(i) in the case of a disability with respect to which application for disability insurance benefits was
filed prior to 1953—the six or more calendar months
which (A) precede the first month of such period of
one or more consecutive calendar months, and (B) occur
after the month in which such individual's disability
determination date (as determined under subsection
(e)) occurred; or

"(2) in the case of a disability with respect to
which application for disability insurance benefits was
filed after 1952—the six calendar months preceding
the first month of such period of one or more consecu-
tive calendar months.

"DEDUCTIONS FROM DISABILITY INSURANCE BENEFITS

"Events for Which Deductions Are Made

"SEC. 220. (e) Deductions, in such amounts and at such
time or times as the Administrator shall determine, shall be
made from any payment or payments under this title to
which an individual is entitled, until the total of such deduc-
tions equals such individual’s benefit under section 210 for
any month—

"(1) in which such individual rendered services
as an employee (whether or not such services constitute
employment as defined in section 210) for remuneration
of more than $50; or

"(2) for which such individual is charged, pursuant
to the provisions of subsection (e) of this section, with
net earnings from self-employment (as determined pursuant to subsection (d)) of more than $60; or

"(3) in which such individual fails to submit himself for examination in accordance with regulations of the Administrator; or

"(4) in which such individual refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act after direction by the Administrator to do so; or

"(5) in which such individual is outside the United States if the Administrator finds that adequate arrangements have not been made for determining or redetermining the existence of the disability of such individual.

In accordance with such regulations as the Administrator may prescribe, the Administrator may, if in his judgment it will aid in the process of rehabilitation of any individual, suspend or modify the application of paragraphs (1) and (2) of this subsection for any month during which such individual is receiving rehabilitation services under a State plan approved under the Vocational Rehabilitation Act; except that the Administrator may not so suspend or modify the application of such paragraphs for any month after the
eleventh month following the first month for which such sus-
pension or modification was applicable.

Occurrence of More Than One Event

(b) If more than one event occurs in any one month
which would occasion deductions equal to a benefit for such
month, only an amount equal to such benefit shall be
deducted. The charging of net earnings from self-employ-
ment to any month shall be treated as an event occurring in
the month to which such net earnings are charged.

Months to Which Net Earnings Are Charged

(c) For the purposes of subsection (a) (2) of this
section—

(1) If an individual’s net earnings from self-
employment for his taxable year are not more than the
product of $50 times the number of months in such year;
no month in such year shall be charged with more than
$50 of net earnings from self-employment.

(2) If an individual’s net earnings from self-
employment for his taxable year are more than the prod-
uct of $50 times the number of months in such year; each
month of such year shall be charged with $50 of net
earnings from self-employment, and the amount of such
net earnings in excess of such product shall be further
charged to months as follows: The first $50 of such excess
shall be charged to the last month of such taxable year,
and the balance, if any, of such excess shall be charged at the rate of $50 per month to each preceding month in such year until all of such balance has been applied, except that no part of such excess shall be charged to any month (A) for which such individual was not entitled to a benefit under this title; (B) in which an event described in paragraph (1), (3), (4), or (5) of subsection (a) occurred, or (C) in which such individual did not engage in self-employment.

"(3) As used in paragraph (2), the term 'last month of such taxable year' means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clauses (A), (B), and (C) thereof.

"(4) For the purposes of clause (C) of paragraph (2), an individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Administrator that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible for the purposes of this subsection in computing his net earnings from self-employment for any taxable year. The Administrator shall by regulations prescribe the methods and criteria for determining whether or not an individual
has rendered substantial services with respect to any trade or business.

"Special Rule for Computation of Net Earnings from Self-employment"

"(d) For the purposes of this section, an individual's net earnings from self-employment for any taxable year shall be computed as provided in section 211 with the following adjustments:

"(1) Such computation shall be made without regard to the provisions of subsections (a), (2), (a), (5), (1), (c), (4), and (c) of section 211, and

"(2) Such computation shall be made without regard to the provisions of sections 116, 212, 213, 251, and 252 of the Internal Revenue Code.

"Penalty for Failure to Report Certain Events"

"(e) Any individual in receipt (on behalf of himself or another individual) of benefits subject to deduction under subsection (a) because of the occurrence of an event specified therein (other than an event described in paragraph (2) thereof) shall report such occurrence to the Administrator prior to the receipt and acceptance of a disability insurance benefit for the second month following the month in which such event occurred. If such individual knowingly fails to
report any such occurrence; an additional deduction equal
to that imposed under such subsection shall be imposed;
except that the first additional deduction imposed by this
paragraph in the case of any individual shall not exceed an
amount equal to one month's benefit even though the failure
to report is with respect to more than one month:

"Report to Administrator of Net Earnings From
Self-employment

"(f) (1) If an individual is entitled to any disability
insurance benefit during any taxable year in which he has
net earnings from self-employment in excess of $50 times
the number of months in such year, such individual (or the
individual in receipt of such benefit on his behalf) shall make
a report to the Administrator of his net earnings from self-
employment for such taxable year. Such report shall be
made on or before the fifteenth day of the third month
following the close of such year, and shall contain such
information and be made in such manner as the Admin-
istrator may by regulations prescribe. If the individual fails
within the time prescribed above to make such report of his
net earnings from self-employment for any taxable year and
any deduction is imposed under subsection (a) (2) of this
section by reason of such net earnings—

"(A) such individual shall suffer one additional
deduction in an amount equal to his benefit for the last
month in such taxable year for which he was entitled
to a disability insurance benefit; and

"(B) if the failure to make such report continues
after the close of the fourth calendar month following the
close of such taxable year, such individual shall suffer
an additional deduction in the same amount for each
month or fraction thereof during which such failure
continues after such fourth month;

except that the number of the additional deductions required
by this paragraph shall not exceed the number of months in
such taxable year for which such individual received and
accepted disability insurance benefits and for which de-
ductions are imposed under subsection (a) (2) by reason
of such net earnings from self-employment. If more than
one additional deduction would be imposed under this para-
graph with respect to a failure by an individual to file a
report required by this paragraph and such failure is the
first for which any additional deduction is imposed under this
paragraph, only one additional deduction shall be imposed
with respect to such first failure.

"(2) If the Administrator determines, on the basis of
information obtained by or submitted to him, that it may
reasonably be expected that an individual entitled to dis-
ability insurance benefits for any taxable year will suffer
deductions imposed under subsection (a) (2) of this section by reason of his net earnings from self-employment for such year, the Administrator may, before the close of such taxable year, suspend the payment for each month in such year (or for only such months as the Administrator may specify) of such benefits payable to him; and such suspension shall remain in effect with respect to the benefits for any month until the Administrator has determined whether or not any deduction is imposed for such month under subsection (a). The Administrator is authorized, before the close of the taxable year of an individual entitled to benefits during such year, to request of such individual that he make, at such time or times as the Administrator may specify, a declaration of his estimated net earnings from self-employment for the taxable year and that he furnish to the Administrator such other information with respect to such net earnings as the Administrator may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (a) (2) of this section by reason of his net earnings from self-employment for such year."
Sec. 108. Title II of the Social Security Act is amended by adding after section 220 (added by section 107 of this Act) the following:

"EFFECTIVE DATE IN CASE OF PUERTO RICO"

"Sec. 221. If the Governor of Puerto Rico certifies to the President of the United States that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of this title, the effective date referred to in sections 210 (h), 210 (i), 210 (j), 211 (a) (7), and 211 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification."

RECORDS OF WAGES AND SELF-EMPLOYMENT INCOME

Sec. 109. (a) Subsection (b) of section 205 of the Social Security Act is amended by inserting "former wife divorced," after "widow,"

(b) Subsection (e) of section 205 of the Social Security Act is amended to read as follows:

"(e) (1) For the purposes of this subsection—

(A) The term 'accounting period' means a calendar quarter when used with respect to wages, and a taxable year (as defined in section 211 (e)) when used with respect to self-employment income."
“(B) The term ‘time limitation’ when used with respect to wages means a period of four years and one month; and when used with respect to self-employment income means a period of four years, two months, and fifteen days.

“(C) The term ‘survivor’ means an individual’s spouse, former wife divorced, child, or parent, who survives such individual.

“(D) On the basis of information obtained by or submitted to the Administrator, and after such verification thereof as he deems necessary, the Administrator shall establish and maintain records of the amounts of wages paid to, and the amounts of self-employment income derived by, each individual and of the accounting periods in which such wages were paid and such income was derived and, upon request, shall inform any individual or his survivor of the amounts of wages and self-employment income of such individual and the accounting periods during which such wages were paid and such income was derived, as shown by such records at the time of such request.

“(D) The Administrator’s records shall be evidence for the purpose of proceedings before the Administrator or any court of the amounts of wages paid to, and self-employment income derived by, an individual and of the accounting periods in which such wages were paid and such income
was derived. The absence of an entry in such records as to wages alleged to have been paid to, or as to self-employment income alleged to have been derived by, an individual in any accounting period shall be evidence that no such alleged wages were paid to, or that no such alleged income was derived by, such individual during such accounting period.

"(4) Prior to the expiration of the time limitation following any accounting period the Administrator may, if it is brought to his attention that any entry of wages or self-employment income in his records for such period is erroneous or that any item of wages or self-employment income for such period has been omitted from such records, correct such entry or include such omitted item in his records, as the case may be. After the expiration of the time limitation following any accounting period—

"(A) the Administrator's records (with changes, if any, made pursuant to paragraph (5)) of the amounts of wages paid to, and self-employment income derived by, an individual in such accounting period shall be conclusive for the purposes of this title;

"(B) the absence of an entry in the Administrator's records as to the wages alleged to have been paid by an employer to an individual in such accounting period shall be presumptive evidence for the purposes of this
title that no such alleged wages were paid to such indi-

vidual in such accounting period; and

"(C) the absence of an entry in the Administra-
tor's records as to the self-employment income alleged
to have been derived by an individual in such accounting
period shall be conclusive for the purposes of this title
that no such alleged self-employment income was de-

rived by such individual in such period unless it is
shown that he filed a tax return of his self-employment
income for such accounting period before the expiration
of the time limitation following such period, in which
case the Administrator shall include in his records the
self-employment income of such individual for such
accounting period:

"(b) After the expiration of the time limitation follow-
ing any accounting period in which wages were paid
or alleged to have been paid to; or self-employment income
was derived or alleged to have been derived by, an indi-

vidual, the Administrator may change or delete any entry
with respect to wages or self-employment income in his
records of such accounting period for such individual or
include in his records of such accounting period for such
individual any omitted item of wages or self-employment
income but only—

"(A) if an application for monthly benefits or for
a lump-sum death payment was filed within the time
limitation following such accounting period; except that
no such change, deletion, or inclusion may be made
pursuant to this subparagraph after a final decision upon
the application for monthly benefits or lump-sum death
payment;

"(B) if within the time limitation following such
accounting period an individual or his survivor makes
a request for a change or deletion, or for an inclusion
of an omitted item, and alleges in writing that the Ad-
ministrator's records of the wages paid to, or the self-
employment income derived by, such individual in such
accounting period are in one or more respects erroneous;
except that no such change, deletion, or inclusion may
be made pursuant to this subparagraph after a final
decision upon such request. Written notice of the Ad-
ministrator's decision on any such request shall be given
to the individual who made the request;

"(C) to correct errors apparent on the face of such
records;

"(D) to transfer items to records of the Railroad
Retirement Board if such items were credited under this
title when they should have been credited under the
Railroad Retirement Act, or to enter items transferred
by the Railroad Retirement Board which have been
credited under the Railroad Retirement Act when they should have been credited under this title;

"(F) to delete or reduce the amount of any entry which is erroneous as a result of fraud;

"(F) to conform his records to tax returns or portions thereof (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act, under subchapter A or E of chapter 9 of the Internal Revenue Code, or under regulations made under authority of such title or subchapter, and to information returns filed by a State pursuant to an agreement under section 218 or regulations of the Administrator thereunder; except that no amount of self-employment income of an individual for any taxable year (if such return or statement was filed after the expiration of the time limitation following the taxable year) shall be included in the Administrator's records pursuant to this subparagraph in excess of the amount which has been deleted pursuant to this subparagraph as payments erroneously included in such records as wages paid to such individuals in such taxable year;

"(G) to include wages paid in such accounting period to an individual by an employer if there is an absence of any entry in the Administrator's records of
wages having been paid by such employer to such individual in such period; or

"(II) to enter items which constitute remuneration for employment under subsection (p), such entries to be in accordance with certified reports of records made by the Railroad Retirement Board pursuant to section 5 (k) (3) of the Railroad Retirement Act of 1937.

"(6) Written notice of any deduction or reduction under paragraph (4) or (5) shall be given to the individual whose record is involved or to his survivor, except that (A) in the case of a deletion or reduction with respect to any entry of wages such notice shall be given to such individual only if he has previously been notified by the Administrator of the amount of his wages for the accounting period involved, and (B) such notice shall be given to such survivor only if he or the individual whose record is involved has previously been notified by the Administrator of the amount of such individual's wages and self-employment income for the accounting period involved.

"(7) Upon request in writing (within such period, after any change or refusal of a request for a change of his records pursuant to this subsection, as the Administrator may prescribe), opportunity for hearing with respect to such change or refusal shall be afforded to any individual or his survivor. If a hearing is held pursuant to this para-
graph the Administrator shall make findings of fact and a
decision based upon the evidence adduced at such hearing
and shall include any omitted items, or change or delete
any entry, in his records as may be required by such find-
ings and decision.

"(8) Decisions of the Administrator under this sub-
section shall be reviewable by commencing a civil action in
the United States district court as provided in subsec-
tion (g)."

(c) Section 205 of the Social Security Act is amended
by adding at the end thereof the following sub sections:

"Adjustment of Wages from Certain Nonprofit
Organizations"

"(c) Notwithstanding any other provision of this title,
in the case of wages paid to an individual during any cal-
endar quarter by an employer entitled (under section 1412
of the Internal Revenue Code) to an exemption from the
tax imposed by section 1410 of such code, only one-half
of the amount of such wages paid during such calendar
quarter to such individual shall be considered as paid to him
for the purpose of determining the insured status of such
individual and for the purpose of determining the amount
of any insurance benefit or payment; but this paragraph
shall not apply if a waiver of such exemption of the employer
was in effect for such calendar quarter."
"Crediting of Compensation Under the Railroad Retirement Act

"(p) If there is no person who would be entitled, upon application therefor, to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act), then, notwithstanding section 247 (a) (10) of this Act, compensation (as defined in such Railroad Retirement Act, but excluding compensation attributable as having been paid during any month on account of military service creditable under section 4 of such Act if wages are deemed to have been paid to such employee during such month under section 247 (a) of this Act) of such employee shall constitute remuneration for employment for purposes of determining (A) entitlement to and the amount of any lump-sum death payment under this title on the basis of such employee's wages or self-employment income and (B) entitlement to and the amount of any monthly benefit under this title, for the month in which such employee died or for any month thereafter, on the basis of such wages or self-employment income. For such purposes, compensation (as so defined) paid in a calendar year shall, in the absence of evidence to the contrary, be
presumed to have been paid in equal proportions with respect to all months in the year in which the employee rendered services for such compensation. This paragraph shall not be applicable in the case of any monthly benefit or lump-sum death payment if a larger such benefit or payment, as the case may be, would be payable without its application.

"Special Rules in Case of Federal Service

"(q) (1) With respect to service included as employment under section 240 which is performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the Administrator shall not make determinations as to whether an individual has performed such service; the periods of such service; the amounts of remuneration for such service which constitute wages under the provisions of section 240; or the periods in which or for which such wages were paid; but shall accept the determinations with respect thereto of the head of the appropriate Federal agency or instrumentality; and of such agents as such head may designate; as evidenced by returns filed in accordance with the provisions of section 420 (c) of the Internal Revenue Code and certifications made pursuant to this subsection. Such determinations shall be final and conclusive.

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“(2) The head of any such agency or instrumentality is authorized and directed, upon written request of the Administrator, to make certification to him with respect to any matter determinable for the Administrator by such head or his agents under this subsection, which the Administrator finds necessary in administering this title:

“(3) The provisions of paragraphs (1) and (2) shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Ship’s Service Stores, Marine Corps Post Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the National Military Establishment for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Establishment; and for purposes of paragraphs (1) and (2) the Secretary of Defense shall be deemed to be the head of such instrumentality.”

MISCELLANEOUS AMENDMENTS

SEC. 110 (a) The heading of title II of the Social Security Act is amended to read as follows:
"TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND
DISABILITY INSURANCE BENEFITS"

(b) (1) The first sentence of section 201 (a) of the
Social Security Act is amended by striking out "Federal
Old-Age and Survivors Insurance Trust Fund" and insert-
ing in lieu thereof "Federal Old-Age, Survivors, and Disa-
BILITY Insurance Trust Fund".

(2) The second sentence of section 201 (a) of the
Social Security Act is amended by striking out "such amounts
as may be appropriated to the Trust Fund" and inserting
in lieu thereof "such amounts as may be appropriated to,
or deposited in, the Trust Fund".

(3) The third sentence of section 201 (a) of such Act
is amended by striking out the words "the Federal Insurance
Contributions Act" and inserting in lieu thereof the following:
"subchapters A and F of chapter 9 of the Internal Revenue
Code".

(4) Section 201 (a) of the Social Security Act is
amended by striking out the following: "There is also author-
ized to be appropriated to the Trust Fund such additional
sums as may be required to finance the benefits and payments
provided under this title."
Section 201 (b) of such Act is amended by striking out "Chairman of the Social Security Board" and inserting in lieu thereof "Federal Security Administrator".

Section 201 (b) of such Act is amended by adding after the second sentence thereof the following new sentence: "The Commissioner for Social Security shall serve as Secretary of the Board of Trustees."

Paragraph (2) of section 201 (b) of such Act is amended by striking out "on the first day of each regular session of the Congress" and inserting in lieu thereof "not later than the first day of March of each year".

Section 201 (b) of such Act is amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and", and by adding the following new paragraph:

"(4) Recommended administrative procedures and policies designed to effectuate the proper coordination of the social insurances."

Section 201 (b) of such Act is amended by adding at the end thereof the following: "Such report shall be printed as a House document of the session of the Congress to which the report is made."
Section 201 (f) of such Act is amended to read as follows:

"(f) (1) The Managing Trustee is directed to pay from the Trust Fund into the Treasury the amount estimated by him and the Federal Security Administrator which will be expended during a three-month period by the Federal Security Agency and the Treasury Department for the administration of titles II and VIII of this Act and subchapters A and F of chapter 9 of the Internal Revenue Code. Such payments shall be covered into the Treasury as repayments to the account for reimbursement of expenses incurred in connection with the administration of titles II and VIII of this Act and subchapters A and F of chapter 9 of the Internal Revenue Code.

"(2) The Managing Trustee is directed to pay from the Trust Fund into the Treasury the amount estimated by him which will be expended during each three-month period after 1949 by the Treasury Department for refunds of taxes (including interest, penalties, and additions to the taxes) under title VIII of the Social Security Act and subchapters A and F of chapter 9 of the Internal Revenue Code and for interest on such refunds as provided by law. Such payments
shall be covered into the Treasury as repayments to the
account for refunding internal-revenue collections.

"(3) Repayments made under paragraph (1) or (2)
shall not be available for expenditures but shall be carried
to the surplus fund of the Treasury. If it subsequently
appear that the estimates under either such paragraph in
any particular three-month period were too high or too low,
appropriate adjustments shall be made by the Managing
Trustee in future payments."

(c) (1) Sections 204, 205 (other than subsections (e)
and (l)), and 206 of such Act are amended by striking out
"Board" wherever appearing therein and inserting in lieu
thereof "Administrator"; by striking out "Board's" wherever
appearing therein and inserting in lieu thereof "Adminis-
trator's"; and by striking out (where they refer to the Social
Security Board) "it" and "its" and inserting in lieu thereof
"he", "him", or "his", as the context may require.

(2) Section 205 (l) of such Act is amended to read as
follows:

"(l) The Administrator is authorized to delegate to any
member, officer, or employee of the Federal Security Agency
designated by him any of the powers conferred upon him by
this section, and is authorized to be represented by his own
attorneys in any court in any case or proceeding arising under
the provisions of subsection (e)."

(d) Section 208 of such Act is amended by striking
out the words "the Federal Insurance Contributions Act"
and inserting in lieu thereof the following: "subchapter A
or E of chapter 9 of the Internal Revenue Code".

INCREASE OF EXISTING BENEFITS; COMPUTATIONS IN
CASE OF ENTITLEMENT OR DEATH PRIOR TO 1950

Sec. 111. (a) Notwithstanding subsection (a) of sec-
tion 215 of the Social Security Act as amended by this
Act, the primary insurance amount (prior to any recompu-
tation under subsection (g) of such section) of any indi-
vidual who died prior to 1950 or who was entitled to a
primary insurance benefit for any month prior to 1950
shall, to the extent provided in the following subsections,
be determined by use of the following table:
<table>
<thead>
<tr>
<th>Primary insurance benefit before 1950</th>
<th>Primary insurance amount after 1949</th>
<th>Assumed average monthly wage for purpose of computing maximum benefits</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$50.00</td>
</tr>
<tr>
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</tr>
</tbody>
</table>

1. (b) (1) The primary insurance amount of an individual to whom a primary insurance benefit was paid for any month prior to 1950 shall (if he did not die prior to 1950) be the amount in column II of the table (in subsection (a)).
which is on the line on which in column I appears his primary
insurance benefit (as determined under subsection (c)):

(2) The primary insurance amount of an individual
who was entitled to primary insurance benefits prior to
1950 but who was not paid a primary insurance benefit for
any month prior to 1950 shall (if he did not die prior to
1950) be determined under section 215 of the Social Security
Act as amended by this Act.

(3) In the case of an individual who died prior to
1950 and—

(A) to whom a primary insurance benefit was
paid for any month prior to 1950, or

(B) on the basis of whose wages a monthly benefit
for any month prior to 1952 was paid or a lump-sum
death payment was made,

the primary insurance amount of such individual for January
1950 and for each month thereafter shall be the amount in
column H of the table which is on the line on which in
column I appears his primary insurance benefit. Such pri-
mary insurance benefit shall be determined under title H
of the Social Security Act as in effect prior to the enact-
ment of this Act; except that in the case of any World War
II veteran the provisions of section 217 (a) of the Social
Security Act as amended by this Act shall, if it results in entitlement to a higher primary insurance benefit, be applicable in lieu of section 210 of such Act as in effect prior to the enactment of this Act.

(4) In the case of an individual who died prior to 1950, to whom a primary insurance benefit was not paid, and on the basis of whose wages no monthly benefit for any month prior to 1952 was paid and no lump-sum death payment was made, the primary insurance amount of such individual shall be determined under section 215 of the Social Security Act as amended by this Act.

(c) The primary insurance benefit of any individual to whom subsection (b) (1) is applicable shall (for purposes of column I of the table) be whichever of the following is the larger: (A) the primary insurance benefit paid to such individual for the last month prior to 1950 for which he was paid such benefit; or (B) if the primary insurance benefit is recomputed by the Administrator pursuant to the following provisions of this subsection, the primary insurance benefit as so recomputed. For the purposes of the preceding sentence the Administrator shall recompute, without application therefor, the primary insurance benefit for December 1949 of any individual to whom subsection (b) (1) is applicable if such individual in such month rendered services for wages of $15 or more, or if such individual is a
World War II veteran; such recomputation to be made in
the same manner as if such individual had filed application
for, and was entitled to, a recomputation for December
1949 under section 209 (q) of the Social Security Act
prior to its amendment by this Act; except that in making
such recomputation section 217 (a) of the Social Security
Act as amended by this Act shall be applicable if such
individual is a World War II veteran.

(d) If the primary insurance amount of an individual
is determined from the table, the average monthly wage of
such individual shall, for the purposes of section 208 (a)
of the Social Security Act as amended by this Act, be the
amount which appears in column III of the table on the line
on which appears in column II the amount of his primary
insurance amount. Such average monthly wage shall not,
for the purposes of such section 208 (a), be reduced as the
result of any recomputation of the primary insurance
amount under section 215 (g) of the Social Security Act
as amended by this Act.

(e) In the case of any individual to whom paragraph
(1) or (3) of subsection (b) is applicable and the amount
of whose primary insurance benefit falls between the
amounts on any two consecutive lines in column I of the
table, his primary insurance amount, and his average
monthly wage for the purposes of section 208 (a) of the
TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

RAME OF TAX ON WAGES

Sec. 201. (a) Clauses (2) and (3) of section 1400 of the Internal Revenue Code are amended to read as follows:

"(2) With respect to wages received during the calendar year 1950, the rate shall be 1\(\frac{1}{2}\) per centum.

"(3) With respect to wages received during the calendar years 1951 to 1959, both inclusive, the rate shall be 2 per centum.

"(4) With respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 2\(\frac{1}{2}\) per centum.

"(5) With respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 per centum.

"(6) With respect to wages received after December 31, 1969, the rate shall be 3\(\frac{1}{2}\) per centum."

(b) Clauses (2) and (3) of section 1410 of the Internal Revenue Code are amended to read as follows:
"(2) With respect to wages paid during the calendar year 1950, the rate shall be 1½ per centum.

"(3) With respect to wages paid during the calendar years 1951 to 1959, both inclusive, the rate shall be 2 per centum.

"(4) With respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 2½ per centum.

"(5) With respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 per centum.

"(6) With respect to wages paid after December 31, 1969, the rate shall be 3½ per centum."

EXEMPTION OF NONPROFIT ORGANIZATIONS

Sec. 202. (a) Section 1410 of the Internal Revenue Code is amended by striking out "SEC. 1410. RATE OF TAX." and inserting in lieu thereof:

"SEC. 1410. IMPOSITION OF TAX.

"(a) RATE OF TAX.—"

and by adding at the end of such section the following:

"(b) EXEMPTION.—For exemption of certain nonprofit organizations from the tax imposed by this section, see section 1412."

(b) Part II of subchapter A of chapter 9 of the
1. Internal Revenue Code is amended by adding at the end thereof the following new section:

2. "SEC. 1412. EXEMPTION OF CERTAIN NONPROFIT ORGANIZATIONS.

3. "(a) Exemption.—Any employer which is a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes; or for the prevention of cruelty to children or animals; no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, shall be exempt from the tax imposed by section 1410; but such exemption shall not be applicable with respect to wages paid by such employer during the period for which a waiver, filed by such employer pursuant to subsection (b) of this section, is in effect.

4. "(b) Waiver of Exemption.—An employer described in subsection (a) may waive its exemption from the tax imposed by section 1410 by filing a waiver thereof in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter. Such waiver shall be effective for the period beginning with the first day following the close of the calendar quarter in which such waiver is filed; but in no case
shall such period begin prior to January 1, 1950. The period covered by such waiver may be terminated by the employer, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if the waiver has been in effect for not less than five years prior to the receipt of such notice. Such notice of termination may be revoked by the employer by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or of revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter.

"(c) TERMINATION OF WAIVER PERIOD BY COMMISSIONER.—If the Commissioner finds that any employer which filed a waiver pursuant to this section has failed to comply substantially with the requirements of this subchapter or is no longer able to comply therewith, the Commissioner shall give such employer not less than sixty days' advance notice in writing that the period covered by such waiver will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Commissioner by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the employer. No notice of termination or of revocation thereof shall be
given under this subsection to an employer without the prior concurrence of the Federal Security Administrator.

"(d) No Renewal of Waiver.—In the event the period covered by a waiver filed pursuant to this section is terminated by the employer, no waiver may again be made by such employer pursuant to this section."

(c) The amendments made by this section shall be applicable only with respect to remuneration paid after 1949.

FEDERAL SERVICE

Sec. 203. (a) Part II of subchapter A of chapter 9 of the Internal Revenue Code is amended by adding after section 1412 (added by section 202 of this Act) the following new section:

"Sec. 1413. Instrumentalities of the United States."

"Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 1410 unless such other provision of law grants a specific exemption, by reference to section 1410, from the tax imposed by such section."

(b) Section 1420 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(c) Federal Service.—In the case of the taxes im-
posed by this subchapter with respect to service performed
in the employ of the United States or in the employ of
any instrumentality which is wholly owned by the United
States; the determination whether an individual has per-
formed service which constitutes employment as defined
in section 1426, the determination of the amount of remu-
neration for such service which constitutes wages as defined
in such section, and the return and payment of the taxes im-
posed by this subchapter; shall be made by the head of the
Federal agency or instrumentality having the control of such
service, or by such agents as such head may designate. The
person making such return may, for convenience of adminis-
tration, make payments of the tax imposed under section
1440 with respect to such service without regard to the
$3,600 limitation in section 1426 (a) (1), and he shall not
be required to obtain a refund of the tax paid under section
1440 on that part of the remuneration not included in wages
by reason of section 1426 (a) (1). The provisions of this
subsection shall be applicable in the case of service per-
formed by a civilian employee, not compensated from funds
appropriated by the Congress, in the Army and Air Force
Exchange Service, Army and Air Force Motion Picture
Service, Navy Ship's Service Stores, Marine Corps Post Ex-
changes, or other activities, conducted by an instrumentality
H. R. 6000——9
of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the National Military Establishment for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Establishment; and for purposes of this subsection the Secretary of Defense shall be deemed to be the head of such instrumentality."

(c) Section 1411 of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "For the purposes of this section, in the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year after the calendar year 1949, each head of a Federal agency or instrumentality who makes a return pursuant to section 1420 (c) and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall be deemed a separate employer."

(d) The amendments made by this section shall be applicable only with respect to remuneration paid after 1949.

DEFINITION OF WAGES

Sec. 204. (a) Section 1426 (a) of the Internal Revenue Code is amended to read as follows:

"(a) WAGES.—The term "wages" means all remunera-
tion for employment, including the cash value of all remu-
neration paid in any medium other than cash; except that
such term shall not include—

"(1) That part of the remuneration which, after
remuneration (other than remuneration referred to in
the succeeding paragraphs of this subsection) equal to
$3,600 with respect to employment has been paid to
an individual by an employer during any calendar year,
is paid to such individual by such employer during such
calendar year. If an employer during any calendar
year acquires substantially all the property used in a
trade or business of another person (hereinafter referred
to as a predecessor), or used in a separate unit of a trade
or business of a predecessor, and immediately after the
acquisition employs in his trade or business an individual
who immediately prior to the acquisition was employed
in the trade or business of such predecessor, then, for
the purpose of determining whether such employer has
paid remuneration (other than remuneration referred
to in the succeeding paragraphs of this subsection) with
respect to employment equal to $3,600 to such indi-
vidual during such calendar year, any remuneration
with respect to employment paid (or considered under
this paragraph as having been paid) to such individual
by such predecessor during such calendar year and prior
to such acquisition shall be considered as having been
paid by such employer;

"(2) The amount of any payment made to, or on
behalf of, an employee under a plan or system estab-
lished by an employer which makes provision for his
employees generally or for a class or classes of his em-
ployees (including any amount paid by an employer
for insurance or annuities, or into a fund, to provide for
any such payment), on account of (A) retirement, or
(B) sickness or accident disability, or (C) medical or
hospitalization expenses in connection with sickness or
accident disability, or (D) death;

"(3) Any payment made to an employee (includ-
ing any amount paid by an employer for insurance or
annuities, or into a fund, to provide for any such pay-
ment) on account of retirement;

"(4) Any payment on account of sickness or acci-
dent disability, or medical or hospitalization expenses
in connection with sickness or accident disability, made
by an employer to, or on behalf of, an employee after
the expiration of six calendar months following the last
calendar month in which the employee worked for such
employer;

"(5) Any payment made to, or on behalf of, an
employee (A) from or to a trust exempt from tax
under section 165 (a) at the time of such payment
unless such payment is made to an employee of the
trust as remuneration for services rendered as such
employee and not as a beneficiary of the trust; or (B)
under or to an annuity plan which, at the time of such
payment, meets the requirements of section 165 (a)
(3), (4), (5), and (6);

"(6) The payment by an employer (without de-
duction from the remuneration of the employee) (A)
of the tax imposed upon an employee under section
1400, (B) of any payment required from an employee
under a State unemployment compensation law;

"(7) Remuneration paid in any medium other than
cash to an employee for service not in the course of the
employer's trade or business (including domestic service
in a private home of the employer); or

"(8) Any payment (other than vacation or sick
pay) made to an employee after the month in which he
attains the age of sixty-five, if he did not work for the
employer in the period for which such payment is made.

Tips and other cash remuneration customarily received by
an employee in the course of his employment from persons
other than the person employing him shall, for the purposes
of this subchapter, be considered as remuneration paid to
him by his employer; except that, in the case of tips, only
so much of the amount thereof received during any calendar
quarter as the employee, before the expiration of ten days
after the close of such quarter, reports in writing to his
employer as having been received by him in such quarter
shall be considered as remuneration paid by his employer;
and the amount so reported shall be considered as having
been paid to him by his employer on the date on which
such report is made to the employer."

(b) So much of section 1401 (d) (2) of the Internal
Revenue Code as precedes the second sentence thereof is
amended to read as follows:

"(2) WAGES RECEIVED DURING 1947, 1948, AND
1949.—If by reason of an employee receiving wages
from more than one employer during the calendar year
1947, 1948, or 1949, the wages received by him dur-
ing such year exceed $3,000, the employee shall be
entitled to a refund of any amount of tax, with respect
to such wages, imposed by section 1400 and deducted
from the employee's wages (whether or not paid to the
collector), which exceeds the tax with respect to the
first $3,000 of such wages received."

c) Section 1401 (d) of the Internal Revenue Code
is amended by adding at the end thereof the following new
paragraphs:
(3) Wages received after 1949.—If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1949, the wages received by him during such year exceed $3,600, the employee shall be entitled to a refund of any amount of tax; with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,600 of such wages received. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the wages were received with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which such wages were received. No interest shall be allowed or paid with respect to any such refund.

(4) Special rules in the case of federal and state employees.—

(A) Federal Employees.—In the case of re-
wholly owned instrumentality thereof during any
calendar year after the calendar year 1949; each
head of a Federal agency or instrumentality who
makes a return pursuant to section 1420 (c) and
each agent, designated by the head of a Federal
agency or instrumentality, who makes a return pur-
suant to such section shall, for the purposes of
subsection (c) and paragraph (3) of this subsec-
tion, be deemed a separate employer; and the term
‘wages’ includes, for the purposes of paragraph (3)
of this subsection, the amount, not to exceed $3,600,
determined by each such head or agent as constitu-
ting wages paid to an employee.

"(B) State Employees.—For the purposes of
paragraph (3) of this subsection, in the ease of
remuneration received during any calendar year
after the calendar year 1949, the term ‘wages’
includes remuneration for services covered by an
agreement made pursuant to section 218 of the
Social Security Act; the term ‘employer’ includes
a State or any political subdivision thereof, or any
instrumentality of any one or more of the foregoing;
the term ‘tax’ or ‘tax imposed by section 1400’
includes, in the case of services covered by an
agreement made pursuant to section 218 of the
Social Security Act, an amount equivalent to the
tax which would be imposed by section 1400, if
such services constituted employment as defined in
section 1426; and the provisions of paragraph (3)
of this subsection shall apply whether or not any
amount deducted from the employee's remuneration
as a result of an agreement made pursuant to sec-
tion 218 of the Social Security Act has been paid
to the Secretary of the Treasury.

(d) The amendment made by subsection (a) of this
section shall be applicable only with respect to remuneration
paid after 1949. In the ease of remuneration paid prior to
1950, the determination under section 1426 (a) (1) of the
Internal Revenue Code (prior to its amendment by this
Act) of whether or not such remuneration constituted wages
shall be made as if subsection (a) of this section had not
been enacted and without inferences drawn from the fact
that the amendment made by subsection (a) is not made
applicable to periods prior to 1950.

DEFINITION OF EMPLOYMENT

SEC. 205. (a) Effective January 1, 1950, section 1426
(b) of the Internal Revenue Code is amended to read as
follows:

"(b) EMPLOYMENT.—The term 'employment' means
any service performed after 1936 and prior to 1950
which was employment for the purposes of this sub-
chapter under the law applicable to the period in which
such service was performed; and any service, of whatever
nature, performed after 1949 either (A) by an employee
for the person employing him, irrespective of the citizen-
ship or residence of either; (i) within the United States; or
(ii) on or in connection with an American vessel or Amer-
ican aircraft under a contract of service which is entered into
within the United States or during the performance of
which the vessel or aircraft touches at a port in the United
States; if the employee is employed on and in connection
with such vessel or aircraft when outside the United States,
or (B) outside the United States by a citizen of the United
States as an employee for an American employer (as defined
in subsection (i) of this section); except that, in the case of
service performed after 1949, such term shall not include—

"(1) Agricultural labor (as defined in subsection
(h) of this section);"

"(2) (A) Service not in the course of the em-
ployer's trade or business (including domestic service
in a private home of the employer) performed on a farm
operated for profit;

"(B) Domestic service performed in a local college
club, or local chapter of a college fraternity or sorority,
by a student who is enrolled and is regularly attending
classes at a school, college, or university;

"(3) Service not in the course of the employer's
trade or business performed in any calendar quarter by
an employee, unless the cash remuneration paid for such
service is $25 or more and such service is performed
by an individual who is regularly employed by such
employer to perform such service. For the purposes of
this paragraph, an individual shall be deemed to be
regularly employed by an employer during a calendar
quarter only if (A) such individual performs for such
employer service not in the course of the employer's
trade or business during some portion of at least twenty-
six days during such quarter, or (B) if such individual
was regularly employed (as determined under clause
(A)) by such employer in the performance of such
service during the preceding calendar quarter. As used
in this paragraph, the term "service not in the course
of the employer's trade or business" includes domestic
service in a private home of the employer;

"(4) Service performed by an individual in the
employ of his son, daughter, or spouse, and service
performed by a child under the age of twenty-one in
the employ of his father or mother;
"(5) Service performed by an individual on or in connection with a vessel not an American vessel; or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;

"(6) Service performed in the employ of any instrumentality of the United States; if such instrumentality is exempt from the tax imposed by section 1410 by virtue of any provision of law which specifically refers to such section in granting such exemption;

"(7) Service performed in the employ of the United States, or in the employ of any instrumentality of the United States which is partly or wholly owned by the United States, but only if (i) such service is covered by a retirement system, established by a law of the United States, for employees of the United States or of such instrumentality, or (ii) such service is performed—

"(A) by the President or Vice President of the United States or by a Member, Delegate, or Resident Commissioner, of or to the Congress;

"(B) in the legislative branch;

"(C) in the field service of the Post Office Department;
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"(D) in or under the Bureau of the Census of
the Department of Commerce by temporary em-
ployees employed for the taking of any census;

"(E) by any employee who is excluded by
Executive order from the operation of the Civil
Service Retirement Act of 1930 because he is paid
on a contract or fee basis;

"(F) by any employee receiving nominal com-
ensation of $12 or less per annum;

"(G) in a hospital, home, or other institution
of the United States by a patient or inmate thereof;

"(H) by any employee who is excluded by
Executive order from the operation of the Civil
Service Retirement Act of 1930 because he is
serving under a temporary appointment pending
final determination of eligibility for permanent or
indefinite appointment;

"(I) by any consular agent appointed under
authority of section 654 of the Foreign Service Act
of 1946 (22 U. S. C. § 954);

"(J) by any employee included under section
2 of the Act of August 4, 1947 (relating to certain
interns, student nurses, and other student employees
of hospitals of the Federal Government; 5 U. S. C.
sec. 1052).
"(K) in the employ of the Tennessee Valley Authority in a position which is covered by a retirement system established by such Authority;

"(L) by any employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other emergency; or

"(M) by any employee who is employed under a Federal relief program to relieve him from unemployment;

"(B) (A) Service (other than service to which subparagraph (B) of this paragraph is applicable) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

"(B) Service performed in the employ of any political subdivision of a State in connection with the operation of any public transportation system unless such service is performed by an employee whose service is not included under an agreement entered into pursuant to the provisions of section 218 of the Social Security Act and who—

"(i) became an employee of such political subdivision in connection with and at the time of its
acquisition after 1936 of such transportation system
or any part thereof; and

"(ii) prior to such acquisition rendered services which constituted employment in connection
with the operation of such transportation system or part thereof.

In the case of an employee described in clauses (i) and (ii) who became such an employee in connection with
an acquisition made prior to 1950, this subparagraph shall not be applicable with respect to such employee
if the political subdivision employing him files with the Commissioner prior to January 1, 1950, a statement
that it does not favor the inclusion under this subparagraph of any individual who became an employee in
connection with such acquisitions made prior to 1950.

For the purposes of this subparagraph the term 'political subdivision' includes an instrumentality of one or more
political subdivisions of a State;

"(9) Service performed by a duly ordained, commissioned, or licensed minister of a church in the
exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

"(10) Service performed by an individual as an
employee or employee representative as defined in
section 1532;

"(11) (A) Service performed in any calendar
quarter in the employ of any organization exempt from
income tax under section 101; if the remuneration for
such service is less than $100;

"(B) Service performed in the employ of a school;
college, or university if such service is performed by
a student who is enrolled and is regularly attending
classes at such school, college, or university;

"(12) Service performed in the employ of a foreign
government (including service as a consular or other
officer or employee of a nondiplomatic representative);

"(13) Service performed in the employ of an in-
strumentality wholly owned by a foreign government—

"(A) If the service is of a character similar
to that performed in foreign countries by employees
of the United States Government or of an instru-
mentality thereof; and

"(B) If the Secretary of State shall certify to
the Secretary of the Treasury that the foreign gov-
ernment, with respect to whose instrumentality and
employees thereof exemption is claimed, grants an
equivalent exemption with respect to similar service
performed in the foreign country by employees of
the United States Government and of instrumentalities thereof;

"(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an intern in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

"(15) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish; shellfish; crustacea; sponges; seaweeds; or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity); except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes; and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);
"(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

"(B) Service performed by an individual in; and at the time of; the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back;

"(17) Service performed in the employ of an international organization; or

"(18) Service performed by an individual in the sale or distribution of goods or commodities for another person, off the premises of such person, under an arrangement whereby such individual receives his entire remuneration (other than prizes) for such service directly from the purchasers of such goods or commodities, if such person makes no provision (other than by correspond-
ence) with respect to the training of such individual for
the performance of such service and imposes no require-
ment upon such individual with respect to (A) the fit-
ness of such individual to perform such service; (B) the
geographical area in which such service is to be per-
formed; (C) the volume of goods or commodities to be
sold or distributed, or (D) the selection or solicitation of
customers."

(b) Effective January 1, 1950; section 1426 (e) of the
Internal Revenue Code is amended to read as follows:

"(c) State, etc.—

"(1) The term 'State' includes Alaska, Hawaii, the
District of Columbia, and the Virgin Islands; and on
and after the effective date specified in section 1633 such
term includes Puerto Rico.

"(2) United States.—The term 'United States'
when used in a geographical sense includes the Virgin
Islands; and on and after the effective date specified in
section 1633 such term includes Puerto Rico.

"(3) Citizen.—An individual who is a citizen of
Puerto Rico (but not otherwise a citizen of the United
States) and who is not a resident of the United
States shall not be considered, for the purposes of this
section, as a citizen of the United States prior to the
effective date specified in section 1633."
(c) Section 1426 (g) of the Internal Revenue Code is amended by striking out "(g) American Vessel." and inserting in lieu thereof "(g) American Vessel and Aircraft.", and by striking out the period at the end of such subsection and inserting in lieu thereof the following: "; and the term 'American aircraft' means an aircraft registered under the laws of the United States.''

(d) Section 1426 (h) of the Internal Revenue Code is amended to read as follows:

"(h) AGRICULTURAL LABOR.—The term 'agricultural labor' includes all services performed—

"(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

"(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

"(3) In connection with the production or har-
vesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton.

"(4) (A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed.

"(B) In the employ of a group of operators of farms (other than a cooperative organization) in the performance of services described in subparagraph (A); but only if such operators produced all of the commodity with respect to which such service is performed.

For the purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than twenty at any time during the calendar quarter in which such service is performed.

"(C) The provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial
canning or commercial freezing or in connection with
any agricultural or horticultural commodity after its
delivery to a terminal market for distribution for
consumption.

As used in this section, the term 'farm' includes stock,
dairy, poultry, fruit, fur-bearing animal, and truck farms,
plantations, ranches, nurseries, ranges, greenhouses or other
similar structures used primarily for the raising of agricul-
tural or horticultural commodities, and orchards."

(c) Section 1426 of the Internal Revenue Code is
amended by striking out subsections (i) and (j) and insert-
ing in lieu thereof the following:

"(i) AMERICAN EMPLOYER.—The term 'American
employer' means an employer which is (1) the United
States or any instrumentality thereof; (2) an individual
who is a resident of the United States; (3) a partnership,
if two-thirds or more of the partners are residents of the
United States; (4) a trust, if all of the trustees are residents of the
United States; or (5) a corporation organized under
the laws of the United States or of any State."

(d) Section 1426 (e) of the Internal Revenue Code is
amended by striking out "paragraph (9)" and inserting in
lieu thereof "paragraph (10)".

(g) The amendments made by subsections (e), (d),
(c), and (f) of this section shall be applicable only with respect to services performed after 1949.

DEFINITION OF EMPLOYEE

Sec. 206. (a) Section 1426 (d) of the Internal Revenue Code is hereby amended to read as follows:

"(d) EMPLOYEE. — The term ‘employee’ means—

"(1) any officer of a corporation; or

"(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee.

For purposes of this paragraph, if an individual (either alone or as a member of a group) performs service for any other person under a written contract expressly reciting that such person shall have complete control over the performance of such service and that such individual is an employee, such individual with respect to such service shall, regardless of any modification not in writing, be deemed an employee of such person (or, if such person is an agent or employee with respect to the execution of such contract, the employee of the principal or employer of such person); or

"(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—
"(A) as an outside salesman in the manufacturing or wholesale trade;

"(B) as a full-time life insurance salesman;

"(C) as a driver-lessee of a taxicab;

"(D) as a home worker on materials or goods which are furnished by the person for whom the services are performed and which are required to be returned to such person or to a person designated by him;

"(E) as a contract-logger;

"(F) as a lessee or licensee of space within a mine when substantially all of the product of such services is required to be sold or turned over to the lessor or licensor; or

"(G) as a house-to-house salesman if under the contract of service or in fact such individual (i) is required to meet a minimum sales quota, or (ii) is expressly or impliedly required to furnish the services with respect to designated or regular customers or customers along a prescribed route, or (iii) is prohibited from furnishing the same or similar services for any other person—

if the contract of service contemplates that substantially all of such services (other than the services described in subparagraph (F)) are to be performed personally.
by such individual; except that an individual shall not be included in the term 'employee' under the provisions of this paragraph if such individual has a substantial investment (other than the investment by a salesman in facilities for transportation) in the facilities of the trade, occupation, business, or profession with respect to which the services are performed, or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed; or

"(4) any individual who is not an employee under paragraph (1), (2), or (3) of this subsection but who, in the performance of service for any person for remuneration, has, with respect to such service, the status of an employee, as determined by the combined effect of (A) control over the individual, (B) permanency of the relationship, (C) regularity and frequency of performance of the service, (D) integration of the individual's work in the business to which he renders service, (E) lack of skill required of the individual, (F) lack of investment by the individual in facilities for work, and (G) lack of opportunities of the individual for profit or loss."

(b) The amendment made by this section shall be applicable only with respect to services performed after 1949.
SELF-EMPLOYMENT INCOME

Sec. 207. (a) Chapter 9 of the Internal Revenue Code is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER F—TAX ON SELF-EMPLOYMENT INCOME"

"SEC. 1549. RATE OF TAX.

"In addition to other taxes, there shall be levied, collected, and paid for each taxable year beginning after December 31, 1949, upon the self-employment income of every individual, a tax as follows:

"(1) In the case of any taxable year beginning in 1950, the tax shall be equal to 2½ per centum of the amount of the self-employment income for such taxable year.

"(2) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1960, the tax shall be equal to 3 per centum of the amount of the self-employment income for such taxable year.

"(3) In the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 3½ per centum of the amount of the self-employment income for such taxable year.

"(4) In the case of any taxable year beginning after December 31, 1964, and before January 1, 1970,
the tax shall be equal to 4½ per centum of the amount
of the self-employment income for such taxable year.

"(5) In the case of any taxable year beginning
after December 31, 1969, the tax shall be equal to 4½
per centum of the amount of the self-employment income
for such taxable year.

"SEC. 1641. DEFINITIONS.

"(a) Net Earnings From Self-Employment. The
term 'net earnings from self-employment' means the gross
income, as computed under chapter 1, derived by an indi-
vidual from any trade or business carried on by such indi-
vidual, less the deductions allowed under such chapter which
are attributable to such trade or business, plus his distributive
share (whether or not distributed) of the net income or loss,
as computed under such chapter, from any trade or busi-
ness carried on by a partnership of which he is a member;
except that in computing such gross income and deductions
and such distributive share of partnership net income or
loss—

"(1) There shall be excluded rentals from real estate
(including personal property leased with the real estate)
and deductions attributable thereto, unless such rentals
are received in the course of a trade or business as a
real estate dealer;
"(2) There shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h); and there shall be excluded all deductions attributable to such income;

"(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof) unless such dividends and interest are received in the course of a trade or business as a dealer in stock or securities;

"(4) There shall be excluded any gain or loss (A) which is considered under chapter 1 as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be included in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale
to customers in the ordinary course of the trade or business;

"(5) The deduction for net operating losses provided in section 23 (a) shall not be allowed;

"(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income; all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;

"(B) If any portion of a partner’s distributive share of the net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share; all of such distributive share shall be included in computing the net earnings from self-employment of such partner; and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;
"(7) In the case of any taxable year beginning on or after the effective date specified in section 1633, 
(A) the term ‘possession of the United States’ as used in section 251 shall not include Puerto Rico; and 
(B) a citizen or resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States and without regard to the provisions of section 252;

"(8) There shall be excluded income derived from a trade or business of publishing a newspaper or other publication having a paid circulation, together with the income derived from other activities conducted in connection with such trade or business; and there shall be excluded all deductions attributable to such income.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to January 1, 1950) ending within or with his taxable year.

"(b) SELF-EMPLOYMENT INCOME.—The term ‘self-employment income’ means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning
after December 31, 1949; except that such term shall not include—

"(1) That part of the net earnings from self-
employment which is in excess of: (A) $3,600, minus
(B) the amount of the wages paid to such individual
during the taxable year; or

"(2) The net earnings from self-employment, if
such net earnings for the taxable year are less than
$400.

For the purposes of clause (1) the term 'wages' includes
remuneration paid to an employee if such remuneration
is for services included under an agreement entered into
pursuant to the provisions of section 218 of the Social
Security Act (relating to coverage of State employees).

In the case of any taxable year beginning prior to the
effective date specified in section 1633, an individual who is
a citizen of Puerto Rico (but not otherwise a citizen of the
United States) and who is not a resident of the United
States or of the Virgin Islands during such taxable year shall
be considered, for the purposes of this subsection, as a non-
resident alien individual. An individual who is not a citizen
of the United States but who is a resident of the Virgin
Islands or (after the effective date specified in section 1633)
a resident of Puerto Rico shall not, for the purposes of
this subsection, be considered to be a nonresident alien individual.

"(e) TRADE OR BUSINESS.—The term 'trade or business', when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 237, except that such term shall not include—

"(1) The performance of the functions of a public office;

"(2) The performance of service by an individual as an employee (other than service described in section 1426 (b) (16) (B) or section 1426 (b) (18) performed by an individual who has attained the age of eighteen);

"(3) The performance of service by an individual as an employee or employee representative as defined in section 1582;

"(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or

"(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, or optome-
trist, or as a Christian Science practitioner, or as an aero-
nautical, chemical, civil, electrical, mechanical, metal-
lurgical, or mining engineer; or the performance of such
service by a partnership.

"(d) EMPLOYEE AND WAGES.—The term 'employee'
and the term 'wages' shall have the same meaning as when
used in subchapter A of this chapter.

"(e) TAXABLE YEAR.—The term 'taxable year' shall
have the same meaning as when used in chapter 1; and
the taxable year of any individual shall be a calendar year
unless he has a different taxable year for the purposes of
chapter 1, in which case his taxable year for the purposes
of this subchapter shall be the same as his taxable year under
chapter 1.

"SEC. 1642. NONDEDUCTIBILITY OF TAX.

"For the purposes of the income tax imposed by chapter
1 or by any Act of Congress in substitution therefor, the
tax imposed by section 1640 shall not be allowed as a deduc-
tion to the taxpayer in computing his net income for any
taxable year.

"SEC. 1643. COLLECTION AND PAYMENT OF TAX.

"(a) ADMINISTRATION.—The tax imposed by this sub-
chapter shall be collected by the Bureau of Internal Revenue
under the direction of the Secretary and shall be paid into
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the Treasury of the United States as internal revenue collections.

"(b) Addition to Tax in Case of Delinquency.—

If the tax is not paid when due, there shall be added, as part of the tax, interest at the rate of 6 per centum per annum from the date the tax became due until paid.

"(c) Method of Collection and Payment.—Such tax shall be collected and paid in such manner, at such times, and under such conditions, not inconsistent with this subchapter, as may be prescribed by the Commissioner with the approval of the Secretary.

"(d) Fractional Parts of a Cent.—In the payment of any tax under this subchapter a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

"SEC. 1644. OVERPAYMENTS AND UNDERPAYMENTS.

"If more or less than the correct amount of tax imposed by section 1640 is paid with respect to any taxable year, the amount of the overpayment shall be refunded; and the amount of the underpayment shall be collected, in such manner and at such times (subject to the applicable statute of limitations provided in section 3312 or 3313) as may be prescribed by regulations made under this subchapter.

"SEC. 1645. RULES AND REGULATIONS.

"The Commissioner, with the approval of the Secretary,
shall make and publish such rules and regulations as may be necessary for the enforcement of this subchapter.

"SEC. 1646. OTHER LAWS APPLICABLE.

All provisions of law (including penalties and statutes of limitations) applicable with respect to the tax imposed by section 2700 shall, insofar as applicable and not inconsistent with the provisions of this subchapter, be applicable with respect to the tax imposed by this subchapter.

"SEC. 1647. TITLE OF SUBCHAPTER.

This subchapter may be cited as the 'Self-Employment Contributions Act'.”

(b) Subchapter E of chapter 9 of the Internal Revenue Code is amended by adding at the end thereof the following new sections:

"SEC. 1633. EFFECTIVE DATE IN CASE OF PUERTO RICO.

If the Governor of Puerto Rico certifies to the President of the United States that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension of Puerto Rico of the provisions of title II of the Social Security Act, the effective date referred to in sections 1426 (c), 1611 (a) (7), and 1641 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification.
"SEC. 1634. COLLECTION OF TAXES IN VIRGIN ISLANDS AND PUERTO RICO.

"Notwithstanding any other provision of law respecting taxation in the Virgin Islands or Puerto Rico, all taxes imposed by subchapters A and F of this chapter shall be collected by the Bureau of Internal Revenue under the direction of the Secretary and shall be paid into the Treasury of the United States as internal revenue collections."

(e) Section 3801 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(g) TAXES IMPOSED BY CHAPTER 9.—The provisions of this section shall not be construed to apply to any tax imposed by chapter 9."

MISCELLANEOUS AMENDMENTS

SEC. 208. (a) (1) Section 1607 (b) of the Internal Revenue Code is amended to read as follows:

(b) Wages.—The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

"(1) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to $3,000 with respect to employment has been paid to
an individual by an employer during any calendar year; is paid to such individual by such employer during such calendar year. If an employer during any calendar year acquires substantially all the property used in a trade or business of another person (hereinafter referred to as a predecessor); or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether such employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $8,000 to such individual during such calendar year, any remuneration with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such employer;

"(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer
for insurance or annuities, or into a fund, to provide for
any such payment), on account of (A) retirement, or
(B) sickness or accident disability, or (C) medical or
hospitalization expenses in connection with sickness or
accident disability, or (D) death;

"(2) Any payment made to an employee (including
any amount paid by an employer for insurance or
annuities, or into a fund, to provide for any such pay-
ment) on account of retirement;

"(4) Any payment on account of sickness or acci-
dent disability, or medical or hospitalization expenses in
connection with sickness or accident disability, made
by an employer to, or on behalf of, an employee after
the expiration of six calendar months following the last
calendar month in which the employee worked for such
employer;

"(5) Any payment made to, or on behalf of, an
employee (A) from or to a trust exempt from tax under
section 165 (a) at the time of such payment unless such
payment is made to an employee of the trust as re-
muneration for services rendered as such employee and
not as a beneficiary of the trust, or (B) under or to an
annuity plan which, at the time of such payment, meets
the requirements of section 165 (a) (3), (4), (5),
and (6);
"(6) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400; or (B) of any payment required from an employee under a State unemployment compensation law;

"(7) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business; or

"(8) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty-five, if he did not work for the employer in the period for which such payment is made.

Tips and other cash remuneration customarily received by an employee in the course of his employment from persons other than the person employing him shall, for the purposes of this subchapter, be considered as remuneration paid to him by his employer, except that, in the case of tips, only so much of the amount thereof received during any calendar quarter as the employee, before the expiration of ten days after the close of such quarter, reports in writing to his employer as having been received by him in such quarter shall be considered as remuneration paid by his employer, and the amount so reported shall be considered as having been paid to him by his employer on the date on which such report is made to the employer."
(2) The amendment made by paragraph (1) shall be applicable only with respect to remuneration paid after 1949.

In the case of remuneration paid prior to 1950, the determination under section 1607 (b) (1) of the Internal Revenue Code (prior to its amendment by this Act) of whether or not such remuneration constituted wages shall be made as if paragraph (1) of this subsection had not been enacted and without inferences drawn from the fact that the amendment made by paragraph (1) is not made applicable to periods prior to 1950.

(b) (1) Section 1607 (c) (3) of the Internal Revenue Code is amended to read as follows:

"(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $25 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) such individual performs for such employer service not in the course of the employer's trade or business during some portion of at least twenty-six days during such quarter, or (B) if such individual was regularly employed (as determined under clause
(A)) by such employer in the performance of such service during the preceding calendar quarter;".

(2) Section 1607 (e) (10) (A) (i) of the Internal Revenue Code is amended by striking out "does not exceed $45" and inserting in lieu thereof "is less than $100".

(3) Section 1607 (e) (10) (E) of the Internal Revenue Code is amended by striking out "in any calendar quarter" and by striking out ", and the remuneration for such service does not exceed $45 (exclusive of room, board, and tuition)."

(4) The amendments made by paragraphs (1), (2), and (3) shall be applicable only with respect to services performed after 1949.

(c) (1) Section 1621 (a) (4) of the Internal Revenue Code is amended to read as follows:

"(4) for service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $25 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) such individual performs for such employer service not in the course of the employer's
trade or business during some portion of at least twenty-
six days during such quarter, or (B) if such individual
was regularly employed (as determined under clause
(A)) by such employer in the performance of such
service during the preceding calendar quarter;”.

(2) Section 1621 (a) of the Internal Revenue Code
is amended by striking out paragraph (9) thereof and
inserting in lieu thereof the following:

“(9) for services performed by a duly ordained,
commissioned, or licensed minister of a church in the
exercise of his ministry or by a member of a religious
order in the exercise of duties required by such order; or

“(10) (A) for services performed by an indi-
vidual under the age of eighteen in the delivery or dis-
tribution of newspapers or shopping news, not including
delivery or distribution to any point for subsequent
delivery or distribution; or

“(B) for services performed by an individual in,
and at the time of, the sale of newspapers or magazines
to ultimate consumers, under an arrangement under
which the newspapers or magazines are to be sold by
him at a fixed price, his compensation being based on
the retention of the excess of such price over the
amount at which the newspapers or magazines are
charged to him, whether or not he is guaranteed a
minimum amount of compensation for such service; or
is entitled to be credited with the unsold newspapers
or magazines turned back.

Tips and other cash remuneration customarily received by
an employee in the course of his employment from persons
other than the person employing him shall, for the purposes
of this subchapter, be considered as remuneration paid to
him by his employer; except that, in the case of tips, only
so much of the amount thereof received during any calendar
quarter as the employee, before the expiration of ten days
after the close of such quarter, reports in writing to his
employer as having been received by him in such quarter
shall be considered as remuneration paid by his employer;
and the amount so reported shall be considered as having
been paid to him by his employer on the date on which
such report is made to the employer."

(3) The amendments made by paragraphs (1) and
(2) shall be applicable only with respect to remuneration
paid after 1949:

(d) Effective January 1, 1950, section 1403 (b) of
the Internal Revenue Code is amended by striking out "of
not more than $5."
and inserting in lieu thereof the follow-
ing: "of $5. Such penalty shall be assessed and collected
in the same manner as the tax imposed by section 1410."
TITLE III—AMENDMENTS TO PUBLIC ASSISTANCE AND CHILD WELFARE PROVISIONS OF THE SOCIAL SECURITY ACT

PART 1—OLD-AGE ASSISTANCE

REQUIREMENTS OF STATE OLD-AGE ASSISTANCE PLANS

SEC. 301. (a) Clauses (4) and (5) of subsection (a) of section 2 of the Social Security Act are amended to read:

"(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for old-age assistance is denied or is not acted upon within a reasonable time; (5) provide such methods of administration as are found by the Administrator to be necessary for the proper and efficient operation of the plan, including (A) methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Administrator shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods, and (B) a training program for the personnel necessary to the administration of the plan;"

(b) Such subsection is further amended by striking out "and" before clause (8) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses:

"(8) provide that all individuals wishing to make applica-
tion for old-age assistance shall have opportunity to do so,
and that old-age assistance shall be furnished promptly to all
eligible individuals; and (10) effective July 1, 1952, pro-
vide, if the plan includes payments to individuals in private
or public institutions, for the establishment or designation of
a State authority or authorities which shall be responsible
for establishing and maintaining standards for such
institutions:"

(c) The amendments made by subsections (a) and
(b) shall take effect July 1, 1951.

COMPUTATION OF FEDERAL PORTION OF OLD-AGE
ASSISTANCE

SEC. 302. (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 October 1, 1949,
(1) in the case of any State other than Puerto Rico and
the Virgin Islands, an amount, which shall be used exclu-
sively as old-age assistance, equal 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 $50—
"(A) four-fifths of such expenditures, not counting so much of the expenditures 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

"(B) one-half of the amount by which such expenditures exceed the product obtained under clause (A), not counting so much of the expenditures with respect to any month as exceeds the product of $35 multiplied by the total number of such individuals who received old-age assistance for such month, plus

"(C) one-third of the amount by which such expenditures exceed the sum of the products obtained under clauses (A) and (B); 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 Administrator for the proper and efficient adminis-
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tration of the State plan, which amount shall be used for
2 paying the costs of administering the State plan or for old-
3 age assistance, or both, and for no other purpose."
4 (b) The amendment made by subsection (a) shall take
5 effect October 1, 1949.

DEFINITION OF OLD-AGE ASSISTANCE

SEC. 303. (a) Section 6 of the Social Security Act is
7 amended to read as follows:

"DEFINITION

"Sec. 6. For purposes of this title, the term 'old-age
11 assistance' means money payments to or medical care in
12 behalf of needy individuals who are sixty-five years of age or
13 older, but does not include money payments to or medical
14 care in behalf of any individual who is an inmate of a public
15 institution (except as a patient in a medical institution) and,
16 effective July 1, 1954, does not include money payments to
17 or medical care in behalf of any individual (a) who is a
18 patient in an institution for tuberculosis or mental diseases,
19 or (b) who has been diagnosed as having tuberculosis or
20 phthisis and is a patient in a medical institution as a result
21 thereof."

(b) The amendment made by subsection (a) shall take
23 effect October 1, 1949.
PART 2—AID TO DEPENDENT CHILDREN

REQUIREMENTS OF STATE PLANS FOR AID TO DEPENDENT CHILDREN

Sec. 321. (a) Clauses (4) and (5) of subsection (a) of section 402 of the Social Security Act are amended to read as follows: "(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to dependent children is denied or is not acted upon within a reasonable time; (5) provide such methods of administration as are found by the Administrator to be necessary for the proper and efficient operation of the plan, including (A) methods relating to the establishment and maintenance of personnel standards on a merit basis; except that the Administrator shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods; and (B) a training program for the personnel necessary to the administration of the plan;".

(b) Such subsection is further amended by striking out "and" before clause (8) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses: "(9) provide that all individuals wishing to make application for aid to dependent children shall have opportunity to do so, and that aid to dependent children shall be
furnished promptly to all eligible individuals; (10) provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to dependent children in respect of a child who has been deserted or abandoned by a parent; and (11) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act."

(c) The amendments made by subsections (a) and (b) shall take effect July 1, 1951.

COMPUTATION OF FEDERAL PORTION OF AID TO DEPENDENT CHILDREN

SEC. 322. (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 October 1, 1949, (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 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 expendi-

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tare with respect to any dependent child for any month as exceeds $27, or if there is more than one dependent child in the same home, as exceeds $27 with respect to one such dependent child and $18 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 $27—

"(A) 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 and other individuals with respect to whom aid to dependent children is paid for such month, plus

"(B) one-half of the amount by which such expenditures exceed the product obtained under clause (A), not counting so much of the expenditures with respect to any month as exceeds the product of $24 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

"(C) one-third of the amount by which such expenditures exceed the sum of the products obtained under clauses (A) and (B); and

(2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to de-
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 Administrator 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) The amendment made by subsection (a) shall take effect October 1, 1949.

DEFINITION OF AID TO DEPENDENT CHILDREN

Sec. 323. (a) Section 406 of the Social Security Act is amended by striking out subsection (b) and inserting in lieu thereof the following:

"(b) The term 'aid to dependent children' means money payments with respect to or medical care in behalf of a dependent child or dependent children, and (except when used in clause (2) of section 403 (a)) includes money payments or medical care for any month to meet the needs
of the relative with whom any dependent child is living
if money payments have been made under the State plan
with respect to such child for such month;
"(c) The term 'relative with whom any dependent
child is living' means the individual who is one of the
relatives specified in subsection (a) and with whom such
child is living (within the meaning of such subsection) in
a place of residence maintained by such individual (himself
or together with any one or more of the other relatives so
specified) as his (or their) own home;"
(b) The amendment made by subsection (a) shall
take effect October 1, 1949.

PART 3—CHILD-WELFARE SERVICES

Sec. 321. (a) Section 524 (a) of the Social Security
Act is amended by striking out "$2,500,000" and inserting
in lieu thereof "$7,000,000", by striking out "$20,000" and
inserting in lieu thereof "$40,000", and by striking out the
third sentence thereof and inserting in lieu of such sentence
the following: "The amount so allotted shall be expended for
payment of part of the cost of district, county, or other local
child-welfare services in areas predominantly rural, for
developing State services for the encouragement and assist-
ance of adequate methods of community child-welfare or-
ganization in areas predominantly rural and other areas of
special need, 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."
(b) The amendments made by subsection (a) shall be
effective with respect to fiscal years beginning after June
30, 1950:

PART 4—AID TO THE BLIND

REQUIREMENTS OF STATE PLANS FOR AID TO THE BLIND

Sec. 241. (a) Clauses (4) and (5) of subsection (a)
of section 1002 of the Social Security Act are amended
to read as follows: "(4) provide for granting an oppor-
tunity for a fair hearing before the State agency to any in-
dividual whose claim for aid to the blind is denied or is not
acted upon within a reasonable time; (5) provide such
methods of administration as are found by the Administrator
to be necessary for the proper and efficient operation of the
plan; including (A) methods relating to the establishment
and maintenance of personnel standards on a merit basis;
except that the Administrator shall exercise no authority
with respect to the selection, tenure of office, and compen-
sation of any individual employed in accordance with such
methods; and (B) a training program for the personnel
necessary to the administration of the plan;".
(b) Clause (7) of such subsection is amended to read
as follows: "(7) provide that no aid will be furnished any
individual under the plan with respect to any period with
respect to which he is receiving old-age assistance under the
State plan approved under section 2 of this Act or aid to
dependent children under the State plan approved under
section 402 of this Act;".

(e) (1) Effective for the period beginning October 1,
1949, and ending June 30, 1951, clause (e) of such
subsection is amended to read as follows: "(e) provide that
the State agency shall, in determining need, take into con-
sideration any other income and resources of an individual
claiming aid to the blind; except that the State agency may
(in making such determination) disregard such amount of
calculated income, not to exceed $50 per month, as the State
agency, administering that part of the State plan of voca-
tional rehabilitation (approved under the Vocational Reha-
bilitation Act (29 U. S. C., ch. 4)) which relates to
vocational rehabilitation of the blind, certifies will serve to
encourage or assist the blind to prepare for, engage in,
or continue to engage in remunerative employment to the
maximum extent practicable;"

(2) Effective July 1, 1951, such clause (e) is amended
to read as follows: "(e) provide that the State agency shall,
in determining need, take into consideration the special
expenses arising from blindness, and any other income and
resources of the individual claiming aid to the blind; except that, in determining need, the State agency (A) shall not consider any income or resources which are not predictable or are not actually available to the individual, and (B) may disregard such amount of earned income, not to exceed $50 per month, as the State agency, administering that part of the State plan of vocational rehabilitation (approved under the Vocational Rehabilitation Act (29 U. S. C. ch. 4)) which relates to vocational rehabilitation of the blind, certifies will serve to encourage or assist the blind to prepare for, engage in, or to continue to engage in remunorative employment to the maximum extent practicable;".

((d) Such subsection is further amended by striking out "and:" before clause (9) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses: "(10) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist; (11) effective July 1, 1951, provide that all individuals wishing to make application for aid to the blind shall have opportunity to do so; and that aid to the blind shall be furnished promptly to all eligible individuals; and (12) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or desig-
nation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions."

(c) The amendments made by subsection (d) shall take effect October 1, 1949; and the amendments made by subsections (a) and (b) shall take effect July 1, 1951.

RESIDENCE REQUIREMENT

Sec. 342. Subparagraph (1) of section 1002 (b) of the Social Security Act is amended to read as follows:

"(1) Any residence requirement which excludes any resident of the State who has resided therein continuously for one year immediately preceding the application for aid, except that the State may impose, effective until July 1, 1951, any residence requirement which is not in excess of the requirement of residence contained on July 1, 1949, in its State plan approved under this title on or prior to such date; or"

COMPUTATION OF FEDERAL PORTION OF AID TO THE BLIND

Sec. 343. (a) Section 1002 (a) of the Social Security Act is amended to read as follows:

"Sec. 1002. (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 October 1, 1949;

(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 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 $50—

"(A) four-fifths of such expenditures, not counting so much of the expenditures 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

"(B) one-half of the amount by which such expenditures exceed the product obtained under clause (A), not counting so much of the expenditures 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

"(C) one-third of the amount by which such expenditures exceed the sum of the products obtained under clauses (A) and (B); 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 Administrator 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 no other purpose."
(b) The amendment made by subsection (a) shall take
effect October 1, 1949.

DEFINITION OF AID TO THE BLIND

Sec. 344. (a) Section 1006 of the Social Security Act
is amended to read as follows:

"DEFINITION

"Sec. 1006. For purposes of this title, the term 'aid
to the blind' means money payments to or medical care in
behalf of blind individuals who are needy, but does not include
money payments to or medical care in behalf of any individual
who is an inmate of a public institution (except as a patient
in a medical institution) and, effective July 1, 1951, does not
include money payments to or medical care in behalf of any
individual (a) who is a patient in an institution for tubercu-
losis or mental diseases, or (b) who has been diagnosed as
having tuberculosis or psychosis and is a patient in a medical
institution as a result thereof."
(b) The amendment made by subsection (a) shall take effect October 1, 1949.

APPROVAL OF CERTAIN STATE PLANS

SEC. 345. (a) In the case of any State (as defined in the Social Security Act, but excluding Puerto Rico and the Virgin Islands) which did not have on January 1, 1949, a State plan for aid to the blind approved under title X of the Social Security Act, the Administrator shall approve a plan of such State for aid to the blind for purposes of such title X, even though it does not meet the requirements of clause (b) of section 1002 (a) of the Social Security Act, if it meets all other requirements of such title X for an approved plan for aid to the blind; but payments under section 1003 of the Social Security Act shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for purposes of such section under a plan approved under such title X without regard to the provisions of this section.

(b) The provisions of subsection (a) shall be effective only for the period beginning October 1, 1949, and ending June 30, 1953.

PART 5—AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 351. The Social Security Act is further amended by adding after title XIII thereof the following new title:
"TITLE XIV—GRANTS TO STATES FOR AID TO
THE PERMANENTLY AND TOTALLY DIS-
ABLED

"APPROPRIATION

"Sec. 1401. 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 per-
manently and totally disabled, there is hereby authorized
to be appropriated for the fiscal year ending June 30, 1950,
the sum of $50,000,000, and there is hereby authorized to
be appropriated for each fiscal year thereafter a sum suffi-
cient to carry out the purposes of this title. The sums made
available under this section shall be used for making pay-
ments to States which have submitted, and had approved
by the Administrator, State plans for aid to the permanently
and totally disabled:

"STATE PLANS FOR AID TO THE PERMANENTLY AND
TOTALLY DISABLED

"Sec. 1402. (a) A State plan for aid to the perma-
nently and totally disabled must (1) provide that it shall
be in effect in all political subdivisions of the State, and, if
administered by them, be mandatory upon them; (2) pro-
vide for financial participation by the State; (3) either pro-
vide for the establishment or designation of a single State
agency to administer the plan, or provide for the establish-
ment or designation of a single State agency to supervise
the administration of the plan; (4) provide for granting an
opportunity for a fair hearing before the State agency to any
individual whose claim for aid to the permanently and
totally disabled is denied or is not acted upon within a
reasonable time; (5) provide such methods of adminis-
tration as are found by the Administrator to be necessary
for the proper and efficient operation of the plan, including
(A) methods relating to the establishment and maintenance
of personnel standards on a merit basis; except that the
Administrator shall exercise no authority with respect to the
selection, tenure of office, and compensation of any indi-
vidual employed in accordance with such methods, and
(B) a training program for the personnel necessary to the
administration of the plan; (6) provide that the State agency
will make such reports, in such form and containing such
information, as the Administrator may from time to time
require, and comply with such provisions as the Admin-
istrator may from time to time find necessary to assure
the correctness and verification of such reports; (7)
provide that no aid will be furnished any individual under
the plan with respect to any period with respect to
which he is receiving old-age assistance under the
State plan approved under section 2 of this Act; aid to dependent children under the State plan approved under section 402 of this Act; or aid to the blind under the State plan approved under section 1002 of this Act; (8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the permanently and totally disabled; (9) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to the permanently and totally disabled; (10) provide that all individuals wishing to make application for aid to the permanently and totally disabled shall have opportunity to do so, and that aid to the permanently and totally disabled shall be furnished promptly to all eligible individuals; and (11) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions.

"(b) The Administrator shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for aid to the permanently and totally disabled under the plan—
"(1) Any residence requirement which excludes any resident of the State who has resided therein continuously for one year immediately preceding the application for aid, except that the State may impose, effective until July 1, 1949, any residence requirement which is not in excess of the requirement of residence contained on July 1, 1949, in its State plan for aid to the blind approved under title X on or prior to such date;

"(2) Any citizenship requirement which excludes any citizen of the United States.

"PAYMENT TO STATES

"Sec. 1402. (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 October 1, 1949, (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 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 month as exceeds $50—

"(A) four-fifths of such expenditures, not counting so much of the expenditures 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

"(B) one-half of the amount by which such ex-
penditures exceed the product obtained under clause
(A), not counting so much of the expenditures 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

"(C) one-third of the amount by which such ex-
penditures exceed the sum of the products obtained
under clauses (A) and (B);

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 $20, 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 Administrator for the proper and efficient adminis-
tration 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) The method of computing and paying such amounts shall be as follows:

"(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of permanently and totally disabled individuals in the State, and (C) such other investigation as the Administrator may find necessary.

"(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his
estimate for any prior quarter was greater or less than
the amount which should have been paid to the State
under subsection (a) for such quarter, and (B) reduced
by a sum equivalent to the pro rata share to which the
United States is equitably entitled, as determined by the
Administrator, of the net amount recovered during a
prior quarter by the State or any political subdivision
thereof with respect to aid to the permanently and
totally disabled furnished under the State plan; except
that such increases or reductions shall not be made to
the extent that such sums have been applied to make the
amount certified for any prior quarter greater or less than
the amount estimated by the Administrator for such prior
quarter; Provided, That any part of the amount re-
covered from the estate of a deceased recipient which is
not in excess of the amount expended by the State or
any political subdivision thereof for the funeral expenses
of the deceased shall not be considered as a basis for
reduction under clause (B) of this paragraph:

"(3) The Secretary of the Treasury shall there-
upon, through the Fiscal Service of the Treasury De-
partment, and prior to audit or settlement by the Gen-
eral Accounting Office, pay to the State, at the time or
times fixed by the Administrator, the amount so certified.

"OPERATION OF STATE PLANS

"Sec. 1404. In the case of any State plan for aid to
payments to or medical care in behalf of any individual who
is an inmate of a public institution (except as a patient in a
medical institution) and, effective July 1, 1951, does not in-
clude money payments to or medical care in behalf of any
individual (a) who is a patient in an institution for tubercu-
losis or mental diseases; or (b) who has been diagnosed
as having tuberculosis or psychosis and is a patient in a
medical institution as a result thereof."

PART 6—MISCELLANEOUS AMENDMENTS

SEC. 361. (a) Section 1 of the Social Security Act is
amended by striking out "Social Security Board established
by Title VII (hereinafter referred to as the 'Board')" and
inserting in lieu thereof "Federal Security Administrator
(hereinafter referred to as the 'Administrator').";

(b) Section 1001 of the Social Security Act is amended
by striking out "Social Security Board" and inserting in
lieu thereof "Administrator";

c) The following provisions of the Social Security Act
are each amended by striking out "Board" and inserting in
lieu thereof "Administrator": Sections 2 (a) (6); 2 (b);
8 (b); 4; 402 (a) (6); 402 (b); 408 (b); 404; 1002
(a) (6); 1002 (b) (other than subparagraph (1)
thereof); 1003 (b); and 1004.

d) The following provisions of the Social Security Act
are each amended by striking out (when they refer to the
Social Security Board) "it" or "its" and inserting in lieu
the permanently and totally disabled which has been ap-
proved by the Administrator, if the Administrator after
reasonable notice and opportunity for hearing to the State
agency administering or supervising the administration of
such plan, finds—

"(1) that the plan has been so changed as to
impose any residence or citizenship requirement pro-
hibited by section 1402 (b), or that in the administra-
tion of the plan any such prohibited requirement is
imposed, with the knowledge of such State agency, in a
substantial number of cases; or

"(2) that in the administration of the plan there
is a failure to comply substantially with any provision
required by section 1402 (a) to be included in the
plan;

the Administrator shall notify such State agency that further
payments will not be made to the State until he is satisfied
that such prohibited requirement is no longer so imposed,
and that there is no longer any such failure to comply. Until
he is so satisfied he shall make no further certification to the
Secretary of the Treasury with respect to such State.

"DEFINITION

"Sec. 1405. For purposes of this title, the term ‘aid to
the permanently and totally disabled’ means money payments
to or medical care in behalf of needy individuals who are
permanently and totally disabled, but does not include money
thereof "he", "him", or "his", as the context may require:

Sections 2 (b); 3 (b); 4; 402 (b); 403 (b); 404; 1002 (b) (other than subparagraph (1) thereof); 1003 (b); and 1004.

(c) Title V of the Social Security Act is amended by striking out "Children's Bureau", "Chief of the Children's Bureau", "Secretary of Labor", and (in sections 502 (a) and 513 (a)) "Board" and inserting in lieu thereof "Administrator".

TITLE IV—MISCELLANEOUS PROVISIONS

OFFICE OF COMMISSIONER FOR SOCIAL SECURITY

Sec. 401. (a) Section 701 of the Social Security Act is amended to read:

"OFFICE OF COMMISSIONER FOR SOCIAL SECURITY

"Sec. 701. There shall be in the Federal Security Agency a Commissioner for Social Security, appointed by the Administrator, who shall perform such functions relating to social security as the Administrator shall assign to him."

(b) Section 908 of the Social Security Act Amendments of 1939 is repealed.

REPORTS TO CONGRESS

Sec. 402. (a) Subsection (c) of section 541 of the Social Security Act is repealed.

(b) Section 704 of such Act is amended to read:

"REPORTS

"Sec. 704. The Administrator shall make a full report
to Congress, at the beginning of each regular session, of the
administration of the functions with which he is charged
under this Act. In addition to the number of copies of such
report authorized by other law to be printed, there is hereby
authorized to be printed not more than five thousand
copies of such report for use by the Administrator for dis-
tribution to Members of Congress and to State and other
public or private agencies or organizations participating in
or concerned with the social security program.”

AMENDMENTS TO TITLE XI OF THE SOCIAL SECURITY ACT

Sec. 403. (a) (1) Paragraph (1) of section 1104
(a) of the Social Security Act is amended to read as follows:

“(1) The term ‘State’ includes Alaska, Hawaii, and
the District of Columbia; and when used in titles I, IV,
V, X, and XIV includes Puerto Rico and the Virgin
Islands.”

(2) Paragraph (6) of section 1104 (a) of the Social
Security Act is amended to read as follows:

“(6) The term ‘Administrator’, except when the
context otherwise requires, means the Federal Security
Administrator.”

(3) The amendment made by paragraph (1) of this
subsection shall take effect October 1, 1949, and the amend-
ment made by paragraph (2) of this subsection, insofar as
it repeals the definition of “employee”, shall be effective only
with respect to services performed after 1949.
(b) Section 1102 of the Social Security Act is amended by striking out "Social Security Board" and inserting in lieu thereof "Federal Security Administrator".

(c) Section 1106 of the Social Security Act is amended to read as follows:

"DISCLOSURE OF INFORMATION IN POSSESSION OF AGENCY

"SEC. 1106. No disclosure of any return or portion of a return (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or under subchapter A or F of chapter 9 of the Internal Revenue Code, or under regulations made under authority thereof, which has been transmitted to the Administrator by the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any time by the Administrator or by any officer or employee of the Federal Security Agency in the course of discharging the duties of the Administrator under this Act, and no disclosure of any such file, record, report, or other paper, or information, obtained at any time by any person from the Administrator or from any officer or employee of the Federal Security Agency, shall be made except as the Administrator may by regulations prescribe. Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not
exceeding $1,000, or by imprisonment not exceeding one
year, or both."

(d) Section 1107 (a) of the Social Security Act is
amended by striking out "the Federal Insurance Contribu-
tions Act, or the Federal Unemployment Tax Act," and
inserting in lieu thereof the following: "subchapter A, C,
or E of chapter 9 of the Internal Revenue Code."

(e) Section 1107 (b) of the Social Security Act is
amended by striking out "Board" and inserting in lieu
thereof "Administrator"; and by striking out "wife, parent,
or child"; wherever appearing therein; and inserting in lieu
thereof "wife; widow, former wife divorced, child, or parent".

(f) Title XI of the Social Security Act is amended by
adding at the end thereof the following new section:

"FURNISHING OF WAGE RECORD AND OTHER INFORMATION

"Sec. 1108. (a) (1) The Administrator is author-
ized, at the request of any agency charged with the admin-
istration of a State unemployment compensation law (with
respect to which such State is entitled to payment under
section 302 (a) of this Act) and to the extent consistent
with the efficient administration of this Act, to furnish to
such agency, for use by it in the administration of such law
or a State temporary disability insurance law administered
by it, information from or pertaining to records, including
account numbers, maintained by the Administrator in ac-
cordance with section 205 (c) of this Act."
"(2) At the request of any agency, person, or organization, the Administrator is authorized, to the extent consistent with efficient administration of this Act and subject to such conditions or limitations as he deems necessary, to furnish special reports on the wage and employment records of individuals and to conduct special statistical studies of, and compile special data with respect to, any matters related to the programs authorized by this Act.

"(b) Requests under subsection (a) shall be compiled with only if the agency, person, or organization making the request agrees to make payment for the work or information requested in such amount, if any (not exceeding the cost of performing the work or furnishing the information), as may be determined by the Administrator. A State agency may make the payments for information furnished pursuant to paragraph (1) of subsection (a) by authorizing deductions from amounts certified by the Administrator under section 302 (a) of this Act for payment to such State. Payments for work performed or information furnished pursuant to this section, including deductions authorized to be made from amounts certified under section 302 (a), shall be made in advance or by way of reimbursement, as may be requested by the Administrator, and shall be deposited in the Treasury as a special deposit to be used to reimburse the appropriations (including authorizations to make expenditures from
the Federal Old-Age, Survivors, and Disability Insurance
Trust Fund) for the unit or units of the Federal Security
Agency which performed the work or furnished the infor-
mation.

"(c) No information shall be furnished pursuant to this
section in violation of section 1106 or regulations prescribed
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TITLE I—AMENDMENTS TO TITLE II OF THE
SOCIAL SECURITY ACT

OLD-AGE AND SURVIVORS INSURANCE BENEFITS

Sec. 101. (a) Section 202 of the Social Security Act is amended to read as follows:

"OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

"Old-Age Insurance Benefits

"Sec. 202. (a) Every individual who—

"(1) is a fully insured individual (as defined in section 214 (a)),

"(2) has attained retirement age (as defined in section 216 (a)), and

"(3) has filed application for old-age insurance benefits,

shall be entitled to an old-age insurance benefit for each month, beginning with the first month after the effective date in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies. 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."
“Wife’s Insurance Benefits

“(b) (1) The wife (as defined in section 216 (b)) of an individual entitled to old-age insurance benefits, if such wife—

“(A) has filed application for wife’s insurance benefits,

“(B) has attained retirement age,

“(C) was living with such individual at the time such application was filed, and

“(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than one-half of an old-age insurance benefit of her husband,

shall be entitled to a wife’s insurance benefit for each month, beginning with the first month after the effective date 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, or she becomes entitled to an old-age insurance benefit equal to or exceeding one-half of an old-age insurance benefit of her husband.
"(2) Such wife's insurance benefit for each month shall be equal to one-half of the old-age insurance benefit of her husband for such month.

"Husband's Insurance Benefits

"(c) (1) The husband (as defined in section 216 (f)) of a currently insured individual (as defined in section 214 (b)) entitled to old-age insurance benefits, if such husband—

"(A) has filed application for husband's insurance benefits,

"(B) has attained retirement age,

"(C) was living with such individual at the time such application was filed,

"(D) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Administrator, from such individual at the time she became entitled to old-age insurance benefits and filed proof of such support within two years after the month in which she became so entitled,

"(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than one-half of an old-age insurance benefit of his wife,
shall be entitled to a husband's insurance benefit for each
month, beginning with the first month after the effective date
in which he becomes 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 one-half of an old-
age insurance benefit of his wife.

"(2) Such husband's insurance benefit for each month
shall be equal to one-half of the old-age insurance benefit
of his wife for such month.

"Child's Insurance Benefits

"(d) (1) Every child (as defined in section 216
(e)) of an individual entitled to old-age insurance benefits,
or of an individual who died a fully or currently insured
individual after 1939, if such child—

"(A) has filed application for child's insurance
benefits,

"(B) at the time such application was filed was un-
marrried and had not attained the age of eighteen, and

"(C) was dependent upon such individual at the
time such application was filed, or, if such individual
has died, was dependent upon such individual at the
time of such individual's death,
shall be entitled to a child's insurance benefit for each month,
beginning with the first month after the effective date in
which such child becomes so entitled to such insurance bene-
fits and ending with the month preceding the first month in
which any of the following occurs: such child dies, marries, is
adopted (except for adoption by a stepparent, grandparent,
aunt, or uncle subsequent to the death of such fully or
currently insured individual), or attains the age of eighteen.

"(2) Such child's insurance benefit for each month
shall, if the individual on the basis of whose wages and self-
employment income the child is entitled to such benefit has
not died prior to the end of such month, be equal to one-half
of the old-age insurance benefit of such individual for such
month. Such child's insurance benefit for each month shall,
if such individual has died in or prior to such month, be
equal to three-fourths of the primary insurance amount of
such individual, except that, if there is more than one child
entitled to benefits on the basis of such individual's wages
and self-employment income, each such child's insurance
benefit for such month shall be equal to the sum of (A)
one-half of the primary insurance amount of such individual,
and (B) one-fourth of such primary insurance amount divided by the number of such children.

"(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1) (C) unless, at such time, such individual was not living with or contributing to the support of such child and—

"(A) such child is neither the legitimate nor adopted child of such individual, or

"(B) such child had been adopted by some other individual, or

"(C) such child was living with and was receiving more than one-half of his support from his stepfather.

"(4) A child shall be deemed dependent upon his stepfather at the time specified in paragraph (1) (C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

"(5) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1) (C) if such mother or adopting mother was a currently insured individual. A child shall also be deemed dependent upon his natural or adopting mother, or upon his stepmother, at the time specified in paragraph (1) (C) if, at such time,
(A) she was living with or contributing to the support of
such child, and (B) either (i) such child was neither
living with nor receiving contributions from his father or
adopting father, or (ii) such child was receiving at least
one-half of his support from her.

"Widow's Insurance Benefits

(e) (1) The widow (as defined in section 216 (c))
of an individual who died a fully insured individual after
1939, if such widow—

"(A) has not remarried,

"(B) has attained retirement age,

"(C) has filed application for widow's insurance
benefits or was entitled to wife's insurance benefits, on
the basis of the wages and self-employment income of such
individual, for the month preceding the month in which
he died,

"(D) was living with such individual at the time
of his death, and

"(E) is not entitled to old-age insurance benefits,
or is entitled to old-age insurance benefits each of which
is less than three-fourths of the primary insurance
amount of her deceased husband,

shall be entitled to a widow's insurance benefit for each
month, beginning with the first month after the effective date
in which she becomes so entitled to such insurance bene-
fits 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 three-fourths of the primary insurance amount of
her deceased husband.

"(2) Such widow's insurance benefit for each month
shall be equal to three-fourths of the primary insurance
amount of her deceased husband.

"Widower's Insurance Benefits

"(f) (1) The widower (as defined in section 216 (g))
of an individual who died a fully and currently insured
individual after the effective date, if such widower—

"(A) has not remarried;

"(B) has attained retirement age;

"(C) has filed application for widower's insurance
benefits or was entitled to husband's insurance benefits,
on the basis of the wages and self-employment income
of such individual, for the month preceding the month
in which she died;

"(D) was living with such individual at the time
of her death;

"(E) (i) was receiving at least one-half of his
support, as determined in accordance with regulations
prescribed by the Administrator, from such individual
at the time of her death and filed proof of such support
within two years of such date of death, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Administrator, from such individual, and she was a currently insured individual, at the time she became entitled to old-age insurance benefits and filed proof of such support within two years after the month in which she became so entitled; and

"(F) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of his deceased wife,

shall be entitled to a widower's insurance benefit for each month, beginning with the first month after the effective date 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 three-fourths of the primary insurance amount of his deceased wife.

"(2) Such widower's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of his deceased wife.
"Mother's Insurance Benefits"

(g) (1) The widow and every former wife divorced (as defined in section 216 (d)) of an individual who died a fully or currently insured individual after 1939, if such widow or former wife divorced—

(A) has not remarried,

(B) is not entitled to a widow's insurance benefit,

(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,

(D) has filed application for mother's insurance benefits,

(E) at the time of filing such application has in her care a child of such individual entitled to a child's insurance benefit, and

(F) (i) in the case of a widow, was living with such individual at the time of his death, or (ii) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death, and the child referred to in clause (E) is her son, daughter, or legally adopted child and the benefits
referred to in such clause are payable on the basis of
such individual's wages or self-employment income,
shall be entitled to a mother's insurance benefit for each
month, beginning with the first month after the effective
date in which she becomes so entitled to such insurance bene­
fits and ending with the month preceding the first month in
which any of the following occurs: no child of such deceased
individual is entitled to a child's insurance benefit, such widow
or former wife divorced becomes entitled to an old-age
insurance benefit equal to or exceeding three-fourths of the
primary insurance amount of such deceased individual, she
becomes entitled to a widow's insurance benefit, she remar­
rries, or she dies. Entitlement to such benefits shall also
end, in the case of a former wife divorced, with the month
immediately preceding the first month in which no son,
daughter, or legally adopted child of such former wife
divorced is entitled to a child's insurance benefit on the basis
of the wages and self-employment income of such deceased
individual.

"(2) Such mother's insurance benefit for each month
shall be equal to three-fourths of the primary insurance
amount of such deceased individual.

"Parent's Insurance Benefits

"(h) (1) Every parent (as defined in this subsection)
of an individual who died a fully insured individual after
1939, if such individual did not leave a widow who meets
the conditions in subsection (e) (1) (D) and (E) or an
unmarried child under the age of eighteen deemed dependent
on such individual under subsection (d) (3), (4), or (5),
and if such parent—

"(A) has attained retirement age,

"(B) was receiving at least one-half of his support
from such individual at the time of such individual's
death and filed proof of such support within two years of
such date of death,

"(C) has not married since such individual's death,

"(D) is not entitled to old-age insurance benefits,
or is entitled to old-age insurance benefits each of which
is less than one-half of the primary insurance amount of
such deceased individual, 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 the effective date
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 one-half of the primary insur-
ance amount of such deceased individual.
“(2) Such parent’s insurance benefit for each month shall be equal to one-half of the primary insurance amount of such deceased individual.

“(3) As used in this subsection, the term ‘parent’ means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adopting parent by whom an individual was adopted before he attained the age of sixteen.

“Lump-Sum Death Payments

“(i) (1) In any case in which a fully or currently insured individual died after the effective date leaving no surviving child, widow, widower, or parent who would, on filing application in the month in which such insured individual died, be entitled to a benefit on the basis of the wages and self-employment income of such insured individual, for such month under subsection (d), (e), (f), (g), or (h) of this section, an amount equal to three times such individual’s primary insurance amount shall be paid in a lump sum to the person, if any, determined by the Administrator to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he
or they shall have paid the expenses of burial of such insured individual.

"(2) In any case in which (A) a fully or currently insured individual died after the effective date leaving a surviving child, widow, widower, or parent who would, on filing application in the month in which such insured individual died, be entitled to a benefit, on the basis of the wages and self-employment income of such insured individual, for such month under subsection (d), (e), (f), (g), or (h) of this section, and (B) the total of benefits, if any, paid for the month in which such insured individual died and for the succeeding eleven months is less than three times his primary insurance amount, an amount equal to the difference between such total and three times such primary insurance amount shall be paid in a lump sum to the person, if any, determined by the Administrator to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of such insured individual.

"(3) No payment shall be made to any person under this subsection on the basis of the wages and self-employment income of an insured individual unless application therefor
1 shall have been filed, by or on behalf of any such person
2 (whether or not legally competent), prior to the expiration of
3 two years after the date of death of such insured individual.
4
5 "Application for Monthly Insurance Benefits
6 "(j) (1) An individual who would have been
7 entitled to a benefit under subsection (a), (b), (c), (d),
8 (e), (f), (g), or (h) for any month after the effective
9 date had he filed application therefor prior to the
10 end of such month shall be entitled to such benefit for
11 such month if he files application therefor prior to the
12 end of the sixth month immediately succeeding such
13 month. Any benefit for a month prior to the month in
14 which application is filed shall be reduced, to any extent
15 that may be necessary, so that it will not render erroneous
16 any benefit which, before the filing of such application, the
17 Administrator has certified for payment for such prior month.
18 "(2) No application for any benefit under this section
19 for any month after the effective date which is filed prior
20 to three months before the first month for which the applicant
21 becomes entitled to such benefit shall be accepted as an
22 application for the purposes of this section; and any application
23 filed within such three months' period shall be deemed
24 to have been filed in such first month.
"Simultaneous Entitlement to Benefits

(k) (1) A child, entitled to child's insurance benefits on the basis of the wages and self-employment income of an insured individual, who would be entitled, on filing application, to child's insurance benefits on the basis of the wages and self-employment income of some other insured individual, shall be deemed entitled, subject to the provisions of paragraph (2) hereof, to child's insurance benefits on the basis of the wages and self-employment income of such other individual if an application for child's insurance benefits on the basis of the wages and self-employment income of such other individual has been filed by any other child who would, on filing application, be entitled to child's insurance benefits on the basis of the wages and self-employment income of both such insured individuals.

(2) (A) Any child who under the preceding provisions of this section is entitled for any month to more than one child's insurance benefit shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month, such benefit to be the one based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

(B) Any individual who under the preceding provi-
sions of this section is entitled for any month to more than one
monthly insurance benefit (other than an old-age insurance
benefit) under this title shall be entitled to only one such
monthly benefit for such month, such benefit to be the largest
of the monthly benefits to which he (but for this paragraph)
would otherwise be entitled for such month.

"(3) If an individual is entitled to an old-age insurance
benefit for any month and to any other monthly insur-ance benefit for such month, such other insurance benefit
for such month shall be reduced (after any reduction under
section 203 (a)) by an amount equal to such old-age insur-
ce benefit.

"Entitlement to Survivor Benefits Under Railroad
Retirement Act

"(l) If any person would be entitled, upon filing appli-
cation therefor, to an annuity under section 5 of the Railroad
Retirement Act of 1937, or to a lump-sum payment under
subsection (f) (1) of such section, with respect to the death
of an employee (as defined in such Act), no lump-sum death
payment, and no monthly benefit for the month in which
such employee died or for any month thereafter, shall be paid
under this section to any person on the basis of the wages and
self-employment income of such employee."

(b) (1) Except as provided in paragraph (3), the
amendment made by subsection (a) of this section shall take
effect on the first day of the second calendar month following
the month in which this Act is enacted; and as used in this
section and in section 202 of the Social Security Act, as
amended by this Act, the term "effective date" means the
day preceding such first day.

(2) Section 205 (m) of the Social Security Act is re-
pealed effective with respect to monthly benefits under sec-
tion 202 of the Social Security Act, as amended by this
Act, for months after the effective date.

(3) Section 202 (j) (2) of the Social Security Act, as
amended by this Act, shall take effect on the date of enact-
ment of this Act.

(c) (1) Any individual entitled to primary insurance
benefits or widow's current insurance benefits under section
202 of the Social Security Act as in effect prior to its amend-
ment by this Act who would, but for the enactment of this
Act, be entitled to such benefits for the month following the
effective date shall be deemed to be entitled to old-age insur-
ance benefits or mother's insurance benefits (as the case may
be) under section 202 of the Social Security Act, as amended
by this Act, as though such individual became entitled to
such benefits in such month.

(2) Any individual entitled to any other monthly in-
surance benefits under section 202 of the Social Security
Act as in effect prior to its amendment by this Act who would, but for the enactment of this Act, be entitled to such benefits for the month following the effective date shall be deemed to be entitled to such benefits under section 202 of the Social Security Act, as amended by this Act, as though such individual became entitled to such benefits in such month.

(3) Any individual who files application after the effective date for monthly benefits under any subsection of section 202 of the Social Security Act who would, but for the enactment of this Act, be entitled to benefits under such subsection (as in effect prior to such enactment) for the month in which such date occurs or any month prior thereto shall be deemed entitled to such benefits for such month to the same extent and in the same amounts as though this Act had not been enacted.

(d) Lump-sum death payments shall be made in the case of individuals who died on or prior to the effective date as though this Act had not been enacted; except that in the case of any individual who died outside the forty-eight States and the District of Columbia after December 6, 1941, and prior to August 10, 1946, the last sentence of section 202 (g) of the Social Security Act as in effect prior to the enactment of this Act shall not be applicable if application for a lump-sum death payment is filed within two years after the effective date.
MAXIMUM BENEFITS

Sec. 102. (a) So much of section 203 of the Social Security Act as precedes subsection (d) is amended to read as follows:

"Reduction of Insurance Benefits

"Maximum Benefits

"Sec. 203. (a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual exceeds $150, or is more than $40 and exceeds 80 per centum of his average monthly wage (as determined under section 215), such total of benefits shall, after any deductions under this section, be reduced to $150 or to 80 per centum of his average monthly wage, whichever is the lesser, but in no case to less than $40, except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits shall, after any deductions under this section, be reduced to $150 or to 80 per centum of the sum of the average monthly wages of all such insured individuals, whichever is the lesser, but in no case to less than $40.
Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(b) The amendment made by subsection (a) of this section shall be applicable with respect to benefits for months after the first calendar month following the month in which this Act is enacted.

DEDUCTIONS FROM BENEFITS

SEC. 103. (a) Subsections (d), (e), (f), (g), and (h) of section 203 of the Social Security Act are amended to read as follows:

"Deductions on Account of Work or Failure to Have Child in Care"

"(b) Deductions, in such amounts and at such time or times as the Administrator shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month

"(1) in which such individual is under the age of seventy-five and in which he rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than $50; or

"(2) in which such individual is under the age of
seventy-five and for which month he is charged, under
the provisions of subsection (e) of this section, with net
earnings from self-employment of more than $50; or
“(3) in which such individual, if a widow entitled
to a mother’s insurance benefit, did not have in her care
a child of her deceased husband entitled to a child’s
insurance benefit; or
“(4) in which such individual, if a former wife
divorced entitled to a mother’s insurance benefit, did
not have in her care a child, of her deceased former
husband, who (A) is her son, daughter, or legally
adopted child and (B) is entitled to a child’s insurance
benefit on the basis of the wages and self-employment
income of her deceased former husband.

“Deductions From Dependents’ Benefits Because of Work
by Old-Age Insurance Beneficiary
“(c) Deductions shall be made from any wife’s, hus­
band’s, or child’s insurance benefit to which a wife, husband,
or child is entitled, until the total of such deductions equals
such wife’s, husband’s, or child’s insurance benefit or bene­
fits under section 202 for any month—
“(1) in which the individual, on the basis of whose
wages and self-employment income such benefit was pay­
able, is under the age of seventy-five and in which he
rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than $50; or

"(3) in which the individual referred to in paragraph (1) is under the age of seventy-five and for which month he is charged, under the provisions of subsection (e) of this section, with net earnings from self-employment of more than $50.

"Occurrence of More Than One Event

"(d) If more than one of the events specified in subsections (b) and (c) occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of net earnings from self-employment to any month shall be treated as an event occurring in the month to which such net earnings are charged.

"Months to Which Net Earnings from Self-Employment Are Charged

"(e) For the purposes of subsections (b) and (c)—

"(1) If an individual's net earnings from self-employment for his taxable year are not more than the product of $50 times the number of months in such year, no month in such year shall be charged with more than $50 of net earnings from self-employment.

"(2) If an individual's net earnings from self-
employment for his taxable year are more than the product of $50 times the number of months in such year, each month of such year shall be charged with $50 of net earnings from self-employment, and the amount of such net earnings in excess of such product shall be further charged to months as follows: The first $50 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $50 per month to each preceding month in such year until all of such balance has been applied, except that no part of such excess shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which an event described in paragraph (1), (3), or (4) of subsection (b) occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment.

“(3) (A) As used in paragraph (2), the term ‘last month of such taxable year’ means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

“(B) For the purposes of clause (D) of paragraph (2), an individual will be presumed, with respect to any month, to have been engaged in self-employment in
such month until it is shown to the satisfaction of the Administrator that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing his net earnings from self-employment for any taxable year. The Administrator shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"Penalty for Failure To Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event described in subsection (b) (2) or (c) (2)), shall report such occurrence to the Administrator prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred. Any such individual having knowledge thereof, who fails to report any such occurrence, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even
though the failure to report is with respect to more than
one month.

"Report to Administrator of Net Earnings From
Self-Employment"

“(g) (1) If an individual is entitled to any monthly in-
surance benefit under section 202 during any taxable year in
which he has net earnings from self-employment in excess
of the product of $50 times the number of months in such
year, such individual (or the individual who is in receipt of
such benefit on his behalf) shall make a report to the Ad-
ministrator of his net earnings from self-employment for such
taxable year. Such report shall be made on or before the
fifteenth day of the third month following the close of such
year, and shall contain such information and be made in
such manner as the Administrator may by regulations pre-
scribe. Such report need not be made for any taxable year
beginning with or after the month in which such individual
attained the age of seventy-five.

“(2) If an individual fails to make a report required
under paragraph (1), within the time prescribed therein,
of his net earnings from self-employment for any taxable
year and any deduction is imposed under subsection (b) (2)
by reason of such net earnings—

“(A) such individual shall suffer one additional
deduction in an amount equal to his benefit or benefits
for the last month in such taxable year for which he
was entitled to a benefit under section 202; and

"(B) if the failure to make such report continues
after the close of the fourth calendar month following the
close of such taxable year, such individual shall suffer
an additional deduction in the same amount for each
month during all or any part of which such failure
continues after such fourth month;

except that the number of the additional deductions required
by this paragraph shall not exceed the number of months in
such taxable year for which such individual received and
accepted insurance benefits under section 202 and for which
deductions are imposed under subsection (b) (2) by reason
of such net earnings from self-employment. If more than
one additional deduction would be imposed under this para-
graph with respect to a failure by an individual to file a
report required by paragraph (1) and such failure is the
first for which any additional deduction is imposed under
this paragraph, only one additional deduction shall be
imposed with respect to such first failure.

"(3) If the Administrator determines, on the basis of
information obtained by or submitted to him, that it may
reasonably be expected that an individual entitled to benef-
fits under section 202 for any taxable year will suffer deduc-
tions imposed under subsection (b) (2) by reason of his
net earnings from self-employment for such year, the Administrator may, before the close of such taxable year, suspend the payment for each month in such year (or for only such months as the Administrator may specify) of the benefits payable on the basis of such individual's wages and self-employment income; and such suspension shall remain in effect with respect to the benefits for any month until the Administrator has determined whether or not any deduction is imposed for such month under subsection (b). The Administrator is authorized, before the close of the taxable year of an individual entitled to benefits during such year, to request of such individual that he make, at such time or times as the Administrator may specify, a declaration of his estimated net earnings from self-employment for the taxable year and that he furnish to the Administrator such other information with respect to such net earnings as the Administrator may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (b) (2) by reason of his net earnings from self-employment for such year.

"Circumstances Under Which Deductions Not Required"

"(h) Deductions by reason of subsection (b), (f), or (g) shall, notwithstanding the provisions of such subsection,
be made from the benefits to which an individual is entitled only to the extent that they reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to him and the other individuals living in the same household.

"Deductions With Respect to Certain Lump Sum Payments

"(i) Deductions shall also be made from any old-age insurance benefit to which an individual is entitled, or from any other insurance benefit payable on the basis of such individual's wages and self-employment income, until such deductions total the amount of any lump sum paid to such individual under section 204 of the Social Security Act in force prior to the date of enactment of the Social Security Act Amendments of 1939.

"Attainment of Age Seventy-five

"(j) For the purposes of this section, an individual shall be considered as seventy-five years of age during the entire month in which he attains such age."

(b) The amendments made by this section shall take effect on the first day of the second calendar month following the month in which this Act is enacted, except that the provisions of subsections (d) and (e) of section 203 of the Social Security Act as in effect prior to the enactment of this Act shall be applicable for months prior to such first day.
DEFINITIONS

Sec. 104. (a) Title II of the Social Security Act is amended by striking out section 209 and inserting in lieu thereof the following:

"DEFINITION OF WAGES

"Sec. 209. For the purposes of this title, the term 'wages' means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

"(a) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year, is paid to such individual during such calendar year;

"(b) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which
makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (1) retirement, or (2) sickness or accident disability, or (3) medical or hospitalization expenses in connection with sickness or accident disability, or (4) death;

"(c) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

"(d) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

"(e) Any payment made to, or on behalf of, an employee or his beneficiary (1) from or to a trust exempt from tax under section 165 (a) of the Internal Revenue Code at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (2) under or to an
annuity plan which, at the time of such payment, meets
the requirements of section 165 (a) (3), (4), (5),
and (6) of such code;

"(f) The payment by an employer (without de-
duction from the remuneration of the employee) (1)
of the tax imposed upon an employee under section
1400 of the Internal Revenue Code, or (2) of any
payment required from an employee under a State
unemployment compensation law;

"(g) Remuneration paid in any medium other than
cash to an employee for service not in the course of
the employer's trade or business or for domestic service
in a private home of the employer;

"(h) Remuneration paid in any medium other than
cash for agricultural labor; or

"(i) Any payment (other than vacation or sick
pay) made to an employee after the month in which
he attains retirement age (as defined in section 216
(a)), if he did not work for the employer in the period
for which such payment is made.

"For purposes of this title, in the case of service not in
the course of the employer's trade or business within the
meaning of section 210 (a) (3), if such service is per-
formed by an employee who is regularly employed during
the calendar quarter within the meaning of such section, any
payment of cash remuneration which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulation made under this title, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to $1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute—

"(1) the amount of remuneration for purposes of section 210 (a) (3), and

"(2) the amount of wages for purposes of this title, if such payment constitutes remuneration for employment, but only to the extent not excepted by any of the other paragraphs of this section."

For the purposes of this title, in the case of service not in the course of the employer’s trade or business within the meaning of section 210 (a) (3), if such service is performed by an employee who is regularly employed during the calendar quarter within the meaning of such section, any payment of cash remuneration which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulation made under this title, be computed to the nearest dollar. For the purpose of
the computation to the nearest dollar, the payment of a
fractional part of a dollar shall be disregarded unless it
amounts to one-half dollar or more, in which case it shall be
increased to one dollar. The amount of any payment of cash
remuneration so computed to the nearest dollar shall, in lieu
of the amount actually paid, be deemed to constitute—

(1) the amount of remuneration for purposes of sec-
tion 210 (a) (3), and

(2) the amount of wages for purposes of this title,
if such payment constitutes remuneration for employment,
but only to the extent not excepted by any of the other
paragraphs of this section.

"DEFINITION OF EMPLOYMENT

"SEC. 210. For the purposes of this title—

"Employment

"(a) The term ‘employment’ means any service per-
formed after 1936 and prior to 1951 which was employment
for the purposes of this title under the law applicable to the
period in which such service was performed, and any service,
of whatever nature, performed after 1950 either (A) by an
employee for the person employing him, irrespective of the
citizenship or residence of either, (i) within the United States,
or (ii) on or in connection with an American vessel or
American aircraft under a contract of service which is entered
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into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (e)); except that, in the case of service performed after 1950, such term shall not include—

"(1) (A) Agricultural labor (as defined in subsection (f) of this section) performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor is $50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For the purposes of this subparagraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (i) on each of some sixty days during such quarter such individual performs agricultural labor for such employer for some portion of the day, or (ii) such individual was regularly employed (as determined under clause (i)) by such employer in the performance of such labor during the preceding calendar quarter;
“(B) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton;

“(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

“(3) Service not in the course of the employer’s trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer’s trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter. As
used in this paragraph, the term 'service not in the course of the employer's trade or business' includes domestic service in a private home of the employer;

"(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

"(5) Service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;

"(6) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 1410 of the Internal Revenue Code by virtue of any provision of law which specifically refers to such section in granting such exemption;

"(7) (A) Service performed in the employ of the United States, if such service is covered by a retirement system established by a law of the United States or by the agency for which such service is performed;

"(B) Service performed in the employ of any instrumentality of the United States, if such service is covered
by a retirement system established by a law of the United States;

"(C) Service performed in the employ of an instrumentality of the United States which is either wholly owned by the United States or which, but for the provisions of section 1412 of the Internal Revenue Code, would be exempt from the tax imposed by section 1410 of such code and was exempt from the tax imposed by section 1410 of such code on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—

"(i) service performed in the employ of a national farm loan association, a production credit association, a State, county, or community committee under the Production and Marketing Administration, a Federal credit union, the Bonneville Power Administrator, or the United States Maritime Commission; or

"(ii) service performed in the employ of the Tennessee Valley Authority unless such service is covered by a retirement system established by such authority; or

"(iii) service performed by a civilian employee, not compensated from funds appropriated
by the Congress, in the Army and Air Force Ex-
change Service, Army and Air Force Motion Pic-
ture Service, Navy Ship's Service Stores, Marine
Corps Post Exchanges, or other activities, conducted
by an instrumentality of the United States subject
to the jurisdiction of the Secretary of Defense, at
installations of the National Military Establishment
for the comfort, pleasure, contentment, and mental
and physical improvement of personnel of such
Establishment;

"(D) Service performed in the employ of the
United States or in the employ of any instrumentality
of the United States, if such service is performed—

"(i) as the President or Vice President of the
United States or as a Member, Delegate, or Resi-
dent Commissioner, of or to the Congress;

"(ii) in the legislative branch;

"(iii) in the field service of the Post Office
Department unless performed by any individual as
an employee who is excluded by Executive order
from the operation of the Civil Service Retirement
Act of 1930 because he is serving under a tempo-
rary appointment pending final determination of
eligibility for permanent or indefinite appointment;
“(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;

“(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

“(vi) by any individual as an employee receiving nominal compensation of $12 or less per annum;

“(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

“(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U. S. C., sec. 951);

“(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

“(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other emergency;
“(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

“(xii) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States;

“(8) (A) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions (other than service included under an agreement under section 218 and other than service performed in the employ of a State, political subdivision, or instrumentality in connection with the operation of any public transportation system the whole or any part of which was acquired after 1936);

“(B) Service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution
of the United States from the tax imposed by section
1410 of the Internal Revenue Code (other than service
included under an agreement under section 218);
“(9) (A) Service performed by a duly ordained,
commissioned, or licensed minister of a church in the
exercise of his ministry or by a member of a religious
order in the exercise of duties required by such order;
“(B) Service in the employ of—
“(i) a corporation, fund, or foundation which
is exempt from income tax under section 101 (6)
of the Internal Revenue Code and is organized and
operated primarily for religious purposes; or
“(ii) a corporation, fund, or foundation which
is exempt from income tax under section 101 (6)
of the Internal Revenue Code and is owned and
operated by one or more corporations, funds, or
foundations included under clause (i) hereof;
unless such service is performed on or after the first day
of the calendar quarter following the calendar quarter in
which such corporation, fund, or foundation files (whether
filed on, before, or after January 1, 1951) with the
Commissioner of Internal Revenue a statement that it
desires to have the insurance system established by this
title extended to services performed by its employees;
“(10) Service performed by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;

“(11) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code, if the remuneration for such service is less than $50;

“(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

“(12) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

“(13) Service performed in the employ of an instrumentality wholly owned by a foreign government—

“(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

“(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and
employees thereof exemption is claimed, grants an
equivalent exemption with respect to similar service
performed in the foreign country by employees of
the United States Government and of instrumentali-
ties thereof;

“(14) Service performed as a student nurse in the
employ of a hospital or a nurses' training school by an
individual who is enrolled and is regularly attending
classes in a nurses' training school chartered or approved
pursuant to State law; and service performed as an
interne in the employ of a hospital by an individual who
has completed a four years' course in a medical school
chartered or approved pursuant to State law;

“(15) Service performed by an individual in (or
as an officer or member of the crew of a vessel while
it is engaged in) the catching, taking, harvesting, cul-
tivating, or farming of any kind of fish, shellfish, crus-
tacea, sponges, seaweeds, or other aquatic forms of
animal and vegetable life (including service performed
by any such individual as an ordinary incident to any
such activity), except (A) service performed in con-
nection with the catching or taking of salmon or halibut,
for commercial purposes, and (B) service performed
on or in connection with a vessel of more than ten net
tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);

“(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

“(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or

“(17) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669).
(b) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment.

As used in this subsection, the term 'pay period' means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (10) of subsection (a).

(c) The term 'American vessel' means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents
of the United States or corporations organized under the
laws of the United States or of any State.

"American Aircraft

"(d) The term 'American aircraft' means an aircraft
registered under the laws of the United States.

"American Employer

"(e) The term 'American employer' means an em­
ployer which is (1) the United States or any instrumentali­
ity thereof, (2) a State or any political subdivision thereof,
or any instrumentality of any one or more of the foregoing,
(3) an individual who is a resident of the United States,
(4) a partnership, if two-thirds or more of the partners are
residents of the United States, (5) a trust, if all of the
trustees are residents of the United States, or (6) a corpora­
tion organized under the laws of the United States or of any
State.

"Agricultural Labor

"(f) The term 'agricultural labor' includes all service
performed—

"(1) On a farm, in the employ of any person, in
connection with cultivating the soil, or in connection
with the raising or harvesting any agricultural or horti­
cultural commodity, including the raising, shearing, feed­
ing, caring for, training, and management of livestock,
bees, poultry, and fur-bearing animals and wildlife.
“(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

“(3) In connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

“(4) (A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed.

“(B) In the employ of a group of operators of farms (other than a cooperative organization) in the
performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For the purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than twenty at any time during the calendar quarter in which such service is performed.

“(5) On a farm operated for profit if such service is not in the course of the employer’s trade or business or is domestic service in a private home of the employer. The provisions of subparagraphs (A) and (B) of paragraph (4) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

“Farm

“(g) The term ‘farm’ includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.
“(h) The term ‘State’ includes Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

“(i) The term ‘United States’ when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

“(j) An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States shall not be considered, for the purposes of this section, as a citizen of the United States prior to the effective date specified in section 219.

“(k) The term ‘employee’ means—

“(1) any officer of a corporation; or

“(2) any individual who, under the usual common
law rules applicable in determining the employer-employee relationship, has the status of an employee; or

“(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

“(A) as an agent-driver or commission-driver engaged in distributing meat products, bakery products, or laundry or dry-cleaning services for his principal;

“(B) as a full-time life insurance salesman; or

“(C) as a traveling or city salesman engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of (i) orders from retail merchants for merchandise to be delivered subsequently to such merchants for retail sale to their customers, or (ii) orders from hotels, restaurants, and other similar establishments for supplies to be delivered subsequently to such establishments and to be consumed in the operation thereof; if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be
included in the term 'employee' under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.

"SELF-EMPLOYMENT

"SEC. 211. For the purposes of this title—

"Net Earnings From Self-Employment

"(a) The term 'net earnings from self-employment' means the gross income, as computed under chapter 1 of the Internal Revenue Code, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183 of such code, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—

"(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such
rentals are received in the course of a trade or business as a real estate dealer;

"(2) There shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f); and there shall be excluded all deductions attributable to such income;

"(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 25 (a) of the Internal Revenue Code) are received in the course of a trade or business as a dealer in stocks or securities;

"(4) There shall be excluded any gain or loss (A) which is considered under chapter 1 of the Internal Revenue Code as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) of such code is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property
if such property is neither (i) stock in trade or other
property of a kind which would properly be includible
in inventory if on hand at the close of the taxable year,
nor (ii) property held primarily for sale to customers in
the ordinary course of the trade or business;

"(5) The deduction for net operating losses pro-
vided in section 23 (s) of such code shall not be allowed;

"(6) (A) If any of the income derived from a
trade or business (other than a trade or business car-
rried on by a partnership) is community income under
community property laws applicable to such income,
all of the gross income and deductions attributable to
such trade or business shall be treated as the gross in-
come and deductions of the husband unless the wife
exercises substantially all of the management and con-
trol of such trade or business, in which case all of such
gross income and deductions shall be treated as the gross
income and deductions of the wife;

"(B) If any portion of a partner's distributive share
of the ordinary net income or loss from a trade or busi-
ness carried on by a partnership is community income or
loss under the community property laws applicable to
such share, all of such distributive share shall be included
in computing the net earnings from self-employment of
such partner, and no part of such share shall be taken
into account in computing the net earnings from self-
employment of the spouse of such partner;

“(7) In the case of any taxable year beginning
on or after the effective date specified in section 219,
(A) the term ‘possession of the United States’ as used
in section 251 of the Internal Revenue Code shall not
include Puerto Rico, and (B) a citizen or resident of
Puerto Rico shall compute his net earnings from self-
employment in the same manner as a citizen of the
United States and without regard to the provisions of
section 252 of such code.

If the taxable year of a partner is different from that of the
partnership, the distributive share which he is required to
include in computing his net earnings from self-employment
shall be based upon the ordinary net income or loss of the
partnership for any taxable year of the partnership (even
though beginning prior to 1951) ending within or with his
taxable year.

“Self-Employment Income

“(b) The term ‘self-employment income’ means the net
earnings from self-employment derived by an individual
(other than a nonresident alien individual) during any tax-
able year beginning after 1950; except that such term shall
not include—

“(1) That part of the net earnings from self-
employment which is in excess of (A) $3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or

"(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

In the case of any taxable year beginning prior to the effective date specified in section 219, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States during such taxable year shall be considered, for the purposes of this subsection, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 219) a resident of Puerto Rico shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.

"Trade or Business

"(c) The term ‘trade or business,’ when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23 of the Internal Revenue Code, except that such term shall not include—

"(1) The performance of the functions of a public office;
“(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (16) (B) performed by an individual who has attained the age of eighteen);

“(3) The performance of service by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;

“(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or

“(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant or other accountant registered or licensed as an accountant under State or municipal law, funeral director, or professional engineer; or the performance of such service by a partnership.

“Partnership and Partner

“(d) The term ‘partnership’ and the term ‘partner’ shall have the same meaning as when used in supplement F of chapter 1 of the Internal Revenue Code.
"Taxable Year

(e) The term 'taxable year' shall have the same meaning as when used in chapter 1 of the Internal Revenue Code; and the taxable year of any individual shall be a calendar year unless he has a different taxable year for the purposes of chapter 1 of such code, in which case his taxable year for the purposes of this title shall be the same as his taxable year under such chapter 1.

"CREDITING OF SELF-EMPLOYMENT INCOME TO CALENDAR QUARTERS

SEC. 212. For the purposes of determining average monthly wage and quarters of coverage the amount of self-employment income derived during any taxable year shall be credited to calendar quarters as follows:

(a) In the case of a taxable year which is a calendar year the self-employment income of such taxable year shall be credited equally to each quarter of such calendar year.

(b) In the case of any other taxable year the self-employment income shall be credited equally to the calendar quarter in which such taxable year ends and to each of the next three or fewer preceding quarters any part of which is in such taxable year.
"QUARTER AND QUARTER OF COVERAGE"

"Definitions"

"SEC. 213. (a) For the purposes of this title—

"(1) The term 'quarter', and the term 'calendar quarter', mean a period of three calendar months ending on March 31, June 30, September 30, or December 31.

"(2) (A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled.

"(B) The term 'quarter of coverage' means, in the case of a quarter occurring after 1950, a quarter in which the individual has been paid $50 or more in wages or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

"(i) no quarter after the quarter in which such individual died shall be a quarter of coverage;"
“(ii) if the wages paid to any individual in a
calendar year equal or exceed $3,600, each quarter of
such year shall (subject to clause (i)) be a quarter of
coverage;

“(iii) if an individual has self-employment income
for a taxable year, and if the sum of such income and
the wages paid to him during such taxable year equals
$3,600, each quarter any part of which falls in such
year shall be a quarter of coverage; and

“(iv) no quarter shall be counted as a quarter of
coverage prior to the beginning of such quarter.

“Crediting of Wages Paid in 1937

“(b) With respect to wages paid to an individual in
the six-month periods commencing either January 1, 1937,
or July 1, 1937; (A) if wages of not less than $100 were
paid in any such period, one-half of the total amount thereof
shall be deemed to have been paid in each of the calendar
quarters in such period; and (B) if wages of less than $100
were paid in any such period, the total amount thereof shall
be deemed to have been paid in the latter quarter of such
period, except that if in any such period, the individual
attained age sixty-five, all of the wages paid in such period
shall be deemed to have been paid before such age was
attained.
"INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS

"Sec. 214. For the purposes of this title—

"Fully Insured Individual

"(a) (1) In the case of any individual who died prior to the first day of the second calendar month following the month in which this section was enacted, the term 'fully insured individual' means any individual who had not less than one quarter of coverage (whenever acquired) for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage.

“(2) In the case of any individual who did not die prior to the first day of the second calendar month following the month in which this section was enacted, the term 'fully insured individual' means any individual who had not less than—

“(A) one quarter of coverage (whether acquired before or after such day) for each two of the quarters elapsing after 1950, or after the quarter in which he
attained the age of twenty-one, whichever is later, and
up to but excluding the quarter in which he attained
retirement age, or died, whichever first occurred, except
that in no case shall an individual be a fully insured
individual unless he has at least six quarters of
coverage; or

"(B) forty quarters of coverage.

"(3) When the number of elapsed quarters specified
in paragraph (1) or (2) (A) is an odd number, for pur­
poses of such paragraph such number shall be reduced by one.

"Currently Insured Individual

"(b) The term ‘currently insured individual’ means
any individual who had not less than six quarters of coverage
during the thirteen-quarter period ending with (1) the quar­
ter in which he died, (2) the quarter in which he became
entitled to old-age insurance benefits, or (3) the quarter in
which he became entitled to primary insurance benefits under
this title as in effect prior to the enactment of this section.

"COMPUTATION OF PRIMARY INSURANCE AMOUNT

"Sec. 215. For the purposes of this title—

"Primary Insurance Amount

"(a) (1) The primary insurance amount of an indi­
vidual who attained age twenty-two after 1950 and with
respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage shall be 50 per centum of the first $100 of his average monthly wage plus 15 per centum of the next $200 of such wage. When the primary insurance amount thus computed is less than $25 it shall be increased to $25 except in the case of an individual whose average monthly wage is less than $34, in which case his primary insurance amount thus computed shall be increased to $20.

"(2) The primary insurance amount of an individual who attained age twenty-two prior to 1951 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage shall be whichever of the following is the larger—

"(A) the amount computed as provided in paragraph (1) of this subsection; or

"(B) the amount determined for him by use of the conversion table under subsection (c).

"(3) The primary insurance amount of any other individual shall be the amount determined for him by use of the conversion table under subsection (c).

"Average Monthly Wage

"(b) (1) An individual's 'average monthly wage' (for
purposes of subsection (a)) means the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date excluding from such elapsed months any month in any quarter prior to the quarter in which he attained the age of twenty-two which was not a quarter of coverage.

"(2) An individual's 'starting date' shall be December 31, 1950, or, if later, the day preceding the quarter in which he attained the age of twenty-two, whichever results in the higher average monthly wage.

"(3) (A) Except to the extent provided in paragraphs (B) and (C), an individual's 'closing date' shall be the first day of the second quarter preceding the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred.

"(B) If the number of months elapsing after an individual's starting date and prior to his closing date, as determined under subparagraph (A), is less than eighteen, his closing date shall be the first day of the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred.
“(C) In the case of an individual who died or became entitled to old-age insurance benefits after the first quarter in which he both was fully insured and had attained retirement age, the determination of his closing date under subparagraphs (A) and (B) shall be made as though he became entitled to old-age insurance benefits in such first quarter, but only if it would result in a higher average monthly wage for such individual.

“(4) Notwithstanding the preceding provisions of this subsection, in computing an individual’s average monthly wage, there shall not be taken into account any self-employment income of such individual for taxable years ending in or after the month in which he became entitled to old-age insurance benefits or died, whichever first occurred.

“Determinations Made by Use of the Conversion Table

“(c) (1) The amount referred to in paragraph (3) and clause (B) of paragraph (2) of subsection (a) for an individual shall be the amount appearing in column II of the following table on the line on which in column I appears his primary insurance benefit (determined as provided in subsection (d)); and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing on such line in column III.
<table>
<thead>
<tr>
<th>Primary insurance benefit (as determined under subsection (d))</th>
<th>Primary insurance amount</th>
<th>Assumed average monthly wage for purpose of computing maximum benefits</th>
</tr>
</thead>
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“(2) In case the primary insurance benefit of an individual (determined as provided in subsection (d)) falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraph (3) and clause (B) of paragraph (2) of subsection (a) for such individual, and his average monthly wage for purposes of section 203 (a), shall be determined in accordance with regulations of the Administrator designed to obtain results consistent with those obtained for individuals whose primary insurance benefits are shown in column I of the table.

“Primary Insurance Benefit for Purposes of Conversion Table

“(d) For the purposes of subsection (c), the primary insurance benefits of individuals shall be determined as follows:

“(1) In the case of any individual who was entitled to a primary insurance benefit for the first month following the month in which this section was enacted, his primary insurance benefit shall, except as provided in paragraph (2), be the primary insurance benefit to which he was so entitled.

“(2) In the case of any individual to whom paragraph (1) is applicable and who is a World War II veteran or in the first month following the month in which this section was enacted rendered services for wages of $15 or more, his primary insurance benefit shall be whichever of the fol-
following is larger: (A) the primary insurance benefit to which he was entitled for such first month following the month in which this section was enacted, or (B) his primary insurance benefit for such month recomputed, under section 209 (q) of the Social Security Act as in effect prior to the enactment of this section, in the same manner as if such individual had filed application for and was entitled to a recomputation for such month, except that in making such recomputation section 217 (a) shall be applicable if such individual is a World War II veteran.

“(3) In the case of any individual who died prior to the second calendar month following the month in which this section was enacted, his primary insurance benefit shall be determined as provided in this title as in effect prior to the enactment of this section, except that section 217 (a) shall be applicable, in lieu of section 210 of this Act as in effect prior to the enactment of this section, but only if it results in a larger primary insurance benefit.

“(4) In the case of any other individual, his primary insurance benefit shall be determined as provided in this title as in effect prior to the enactment of this section, except that—

“(A) The computation of such benefit shall be based on the total of his wages and self-employment income after 1936 and prior to his closing date (as defined in
subsection (b)), and the provisions of paragraph (4) of subsection (b) shall also be applicable to such computation.

"(B) For purposes of such computation, the date he became entitled to old-age insurance benefits shall be deemed to be the date he became entitled to primary insurance benefits.

"(C) The 1 per centum addition provided for in section 209 (e) (2) of this Act as in effect prior to the enactment of this section shall be applicable only with respect to calendar years prior to 1951.

"(D) The provisions of subsection (e) shall be applicable to such computation.

"Certain Wages and Self-Employment Income Not To Be Counted

"(e) For the purposes of subsections (b) and (d) (4)—

"(1) in computing an individual's average monthly wage there shall not be counted, in the case of any calendar year after 1950, the excess over $3,600 of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and

"(2) if an individual's average monthly wage computed under subsection (b) or for the purposes of
subsection (d) (4) is not a multiple of $1, it shall be reduced to the next lower multiple of $1.

"Average Monthly Wage for Computing Maximum Benefits

"(f) For the purposes of section 203 (a) the average monthly wage of any individual whose primary insurance amount is computed under subsection (a) (2) shall be whichever of the following is the larger:

"(1) The average monthly wage computed in accordance with subsection (b); or

"(2) The average monthly wage as derived from column III of the table in subsection (c).

"Recomputation of Benefits

"(g) (1) After an individual's primary insurance amount has been determined under this section, there shall be no recomputation of such individual's primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who dies after the calendar month following the month in which this section was enacted and prior to July 27, 1954, as provided in section 217 (b).

"(2) Upon application by an individual entitled to old-age insurance benefits, the Administrator shall recompute his primary insurance amount if application therefore is filed after the twelfth month for which deductions under paragraph (1) or (2) of section 203 (b) have been imposed
(within a period of thirty-six months) with respect to such
benefit, not taking into account any month prior to the sec­
ond month following the month in which this section was
enacted or prior to the earliest month for which the last
previous computation of his primary insurance amount was
effective, and if not less than six of the quarters elapsing after
1950 and prior to the quarter in which he filed such applica-
tion are quarters of coverage. A recomputation under this
paragraph shall be made only as provided in subsection
(a) (1) and shall take into account only such wages and
self-employment income as would be taken into account under
subsection (b) if the month in which application for recom-
putation is filed were deemed to be the month in which the
individual became entitled to old-age insurance benefits.
Such recomputation shall be effective for and after the month
in which such application for recomputation is filed.

“(3) (A) Upon application by an individual entitled
to old-age insurance benefits, filed at least six months after
the month in which he became so entitled, the Administrator
shall recompute his primary insurance amount. Such recom-
putation shall be made in the manner provided in the pre-
ceding subsections of this section for computation of such
amount except that his closing date for purposes of subsection
(b) shall be deemed to be the first day of the quarter in which
he became entitled to old-age insurance benefits. Such re-
computation shall be effective for and after the first month in which he became entitled to old-age insurance benefits.

"(B) Upon application by a person entitled to monthly benefits on the basis of the wages and self-employment income of an individual who died after the first calendar month following the month in which this section was enacted, the Administrator shall recompute such individual’s primary insurance amount, if such application is filed at least six months after the month in which such individual died or became entitled to old-age insurance benefits, whichever first occurred. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount except that his closing date for purposes of subsection (b) shall be deemed to be the first day of the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred. Such recomputation shall be effective for and after the month in which such person who filed the application for recomputation became entitled to such monthly benefits. No recomputation under this paragraph shall affect the amount of the lump-sum death payment under subsection (i) of section 202 and no such recomputation shall render erroneous any such payment certified by the Administrator prior to the effective date of the recomputation.

"(4) Upon the death after the first calendar month fol-
lowing the month in which this section was enacted of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Administrator shall recompute the decedent's primary insurance amount, but (except as provided in paragraph (3) (B)) only if—

"(A) the decedent would have been entitled to a recomputation under paragraph (2) if he had filed application therefor in the month in which he died; or

"(B) the decedent during his lifetime was paid compensation which is treated, under section 205 (o), as remuneration for employment.

If the recomputation is permitted by subparagraph (A), the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B), the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid
to him prior to the closing date applicable to such computa-
tion. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made.

"(5) Any recomputation under this subsection shall be effective only if such recomputation results in a higher primary insurance amount. No such recomputation shall, for the purposes of section 203 (a), lower the average monthly wage.

"Rounding of Benefits

"(h) The amount of any primary insurance amount and the amount of any monthly benefit computed under section 202 which, after reduction under section 203 (a), is not a multiple of $0.10 shall be raised to the next higher multiple of $0.10.

"OTHER DEFINITIONS

"Sec. 216. For the purposes of this title—

"Retirement Age

"(a) The term ‘retirement age’ means age sixty-five.

"Wife

"(b) The term ‘wife’ means the wife of an individual, but only if she (1) is the mother of his son or daughter, or (2) was married to him for a period of not less than three years immediately preceding the day on which her application is filed.
"Widow"

"(c) The term 'widow' (except when used in section 202 (i)) means the surviving wife of an individual, but only if she (1) is the mother of his son or daughter, (2) legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) was married to him at the time both of them legally adopted a child under the age of eighteen, or (4) was married to him for a period of not less than one year immediately prior to the day on which he died.

"Former Wife Divorced"

"(d) The term 'former wife divorced' means a woman divorced from an individual, but only if she (1) is the mother of his son or daughter, (2) legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, or (3) was married to him at the time both of them legally adopted a child under the age of eighteen.

"Child"

"(e) The term 'child' means (1) the child of an individual, and (2) in the case of a living individual, a stepchild or adopted child who has been such stepchild or adopted child for not less than three years immediately preceding the day on which application for child's benefits is filed, and (3) in the case of a deceased individual, (A) an
adopted child, or (B) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which such individual died. In determining whether an adopted child has met the length of time requirement in clause (2), time spent in the relationship of stepchild shall be counted as time spent in the relationship of adopted child.

"Husband"

"(f) The term 'husband' means the husband of an individual, but only if he (1) is the father of her son or daughter, or (2) was married to her for a period of not less than three years immediately preceding the day on which his application is filed.

"Widower"

"(g) The term 'widower' (except when used in section 202 (i)) means the surviving husband of an individual, but only if he (1) is the father of her son or daughter, (2) legally adopted her son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (3) was married to her at the time both of them legally adopted a child under the age of eighteen, or (4) was married to her for a period of not less than one year immediately prior to the day on which she died.

"Determination of Family Status"

"(h) (1) In determining whether an applicant is the wife, husband, widow, widower, child, or parent of a fully
insured or currently insured individual for purposes of this title, the Administrator shall apply such law as would be applied in determining the devolution of intestate personal property by the courts of the State in which such insured individual is domiciled at the time such applicant files application, or, if such insured individual is dead, by the courts of the State in which he was domiciled at the time of his death, or if such insured individual is or was not so domiciled in any State, by the courts of the District of Columbia. Applicants who according to such law would have the same status relative to taking intestate personal property as a wife, husband, widow, widower, child, or parent shall be deemed such.

"(2) A wife shall be deemed to be living with her husband if they are both members of the same household, or she is receiving regular contributions from him toward her support, or he has been ordered by any court to contribute to her support; and a widow shall be deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by any court to contribute to her support.

"(3) A husband shall be deemed to be living with his wife if they are both members of the same household, or he is receiving regular contributions from her toward his
support, or she has been ordered by any court to contribute to his support; and a widower shall be deemed to have been living with his wife at the time of her death if they were both members of the same household on the date of her death, or he was receiving regular contributions from her toward his support on such date, or she had been ordered by any court to contribute to his support.”

(b) The amendment made by subsection (a) shall take effect January 1, 1951, except that sections 214, 215, and 216 of the Social Security Act shall be applicable (1) in the case of applications filed after the date of enactment of this Act for monthly benefits for months after the first calendar month following the month in which such date occurred, and (2) in the case of applications for lump-sum death payments with respect to deaths after such first calendar month following the month in which this Act was enacted.

WORLD WAR II VETERANS

Sec. 105. Title II of the Social Security Act is amended by striking out section 210 and by adding after section 216 (added by section 104 (a) of this Act) the following:

"BENEFITS IN CASE OF WORLD WAR II VETERANS

"Sec. 217. (a) (1) For purposes of determining entitlement to and the amount of any monthly benefit for any month after the first month following the month in which
this section was enacted, or entitlement to and the amount
of any lump-sum death payment in case of a death after
such first month, payable under this title on the basis
of the wages or self-employment income of any World War
II veteran, such veteran shall be deemed to have been paid
wages (in addition to the wages, if any, actually paid to
him) of $160 in each month during any part of which he
served in the active military or naval service of the United
States during World War II. This subsection shall not be
applicable in the case of any monthly benefit or lump-sum
death payment if—

"(A) a larger such benefit or payment, as the case
may be, would be payable without its application;

"(B) a benefit (other than a benefit payable in a
lump sum unless it is a commutation of, or a substitute
for, periodic payments) which is based, in whole or in
part, upon the active military or naval service of such
veteran during World War II is determined by any
agency or wholly owned instrumentality of the United
States (other than the Veterans' Administration) to be
payable by it under any other law of the United
States or under a system established by such agency
or instrumentality.

"(2) Upon application for benefits or a lump-sum death
payment on the basis of the wages and self-employment income
of any World War II veteran, the Federal Security Admin­
istator shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been noti­fied by the Civil Service Commission that, on the basis of the military or naval service of such veteran during World War II, a benefit described in clause (B) of paragraph (1) has been determined to be payable by some other agency or wholly owned instrumentality of the United States. The Federal Security Administrator shall thereupon report such decision to the Civil Service Commission. The Commission shall then ascertain whether in such case some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is pay­able by it. If in any such case such a decision has been made or is thereafter made, the Commission shall so notify the Fed­eral Security Administrator, and the Administrator shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection. Any payments there­tofore certified by the Federal Security Administrator on the basis of paragraph (1) of this subsection to any individual, not exceeding the amount of the accrued benefits payable with respect to him by such agency or wholly owned instrumentality of the United States, shall (notwithstanding any other provision of law) be deemed to have been paid with respect
to him by such agency or instrumentality on account of such accrued benefits. No such payment certified by the Federal Security Administrator and no payment certified by him for any month prior to the first month for which any such benefit is paid by such other agency or instrumentality shall be deemed by reason of this subsection to have been an erroneous payment.

"(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service during World War II shall, at the request of the Civil Service Commission, certify to it, with respect to any veteran, such information as the Commission deems necessary to carry out its functions under paragraph (2) of this subsection.

"(b) (1) In the case of any World War II veteran who dies during the period of three years immediately following his separation from the active military or naval service of the United States, such veteran shall be deemed to have died a fully insured individual, but his primary insurance amount shall be computed only as provided in section 215 (a) (3) and, for the purposes of such computation, he shall be deemed to have an average monthly wage of $160 and to have been paid $200 in wages, for the purposes of
I. section 209 (e) (2) of this Act as in effect prior to the enactment of this section, in each calendar year in which he had thirty days or more of active military or naval service after September 16, 1940, and prior to January 1, 1951. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

"(A) a larger such benefit or payment, as the case may be, would be payable without its application;

"(B) any pension or compensation is determined by the Veterans' Administration to be payable by it on the basis of the death of such veteran;

"(C) the death of the veteran occurred while he was in the active military or naval service of the United States; or

"(D) such veteran has been discharged or released from the active military or naval service of the United States subsequent to July 26, 1951.

"(2) Upon an application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any World War II veteran, the Federal Security Administrator shall make a decision without regard to paragraph (1) (B) of this subsection unless he has been notified by the Veterans' Administration that pension or compensation is determined to be payable by the Veterans' Ad-
administration by reason of the death of such veteran. The Federal Security Administrator shall thereupon report such decision to the Veterans' Administration. If the Veterans' Administration in any such case has made an adjudication or thereafter makes an adjudication that any pension or compensation is payable under any law administered by it, it shall notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment, or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection. Any payments theretofore certified by the Federal Security Administrator on the basis of paragraph (1) of this subsection to any individual, not exceeding the amount of any accrued pension or compensation payable to him by the Veterans' Administration, shall (notwithstanding the provisions of section 3 of the Act of August 12, 1935, as amended (38 U. S. C., sec. 454a)) be deemed to have been paid to him by such Administration on account of such accrued pension or compensation. No such payment certified by the Federal Security Administrator, and no payment certified by him for any month prior to the first month for which any pension or compensation is paid by the Veterans' Administration shall be deemed by reason of this subsection to have been an erroneous payment.

"(c) In the case of any World War II veteran to whom
subsection (a) is applicable, proof of support required under section 202 (h) may be filed by a parent at any time prior to July 1951 or prior to the expiration of two years after the date of the death of such veteran, whichever is the later.

"(d) For the purposes of this section—

"(1) The term 'World War II' means the period beginning with September 16, 1940, and ending at the close of July 24, 1947.

"(2) The term 'World War II veteran' means any individual who served in the active military or naval service of the United States at any time during World War II and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense."

COVERAGE OF STATE AND LOCAL EMPLOYEES

Sec. 106. Title II of the Social Security Act is amended by adding after section 217 (added by section 105 of this Act) the following:
"VOLUNTARY AGREEMENTS FOR COVERAGE OF STATE AND LOCAL EMPLOYEES"

"Purpose of Agreement"

"Sec. 218. (a) (1) The Administrator shall, at the request of any State, enter into an agreement with such State for the purpose of extending the insurance system established by this title to services (not otherwise included as employment under this title) performed by individuals as employees of such State or any political subdivision thereof. Each such agreement shall contain such provisions, not inconsistent with the provisions of this section, as the State may request.

"(2) Notwithstanding section 210 (a), for the purposes of this title the term ‘employment’ includes any agricultural labor, domestic service, or service performed by a student, included under an agreement entered into under this section."

"Definitions"

"(b) For the purposes of this section—

"(1) The term ‘State’ does not include the District of Columbia.

"(2) The term ‘political subdivision’ includes an instrumentality of (A) a State, (B) one or more political subdivisions of a State, or (C) a State and one or more of its political subdivisions."
“(3) The term ‘employee’ includes an officer of a State or political subdivision.

“(4) The term ‘retirement system’ means a pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof.

“(5) The term ‘coverage group’ means (A) employees of the State other than those engaged in performing service in connection with a proprietary function; (B) employees of a political subdivision of a State other than those engaged in performing service in connection with a proprietary function; (C) employees of a State engaged in performing service in connection with a single proprietary function; or (D) employees of a political subdivision of a State engaged in performing service in connection with a single proprietary function. If under the preceding sentence an employee would be included in more than one coverage group by reason of the fact that he performs service in connection with two or more proprietary functions or in connection with both a proprietary function and a nonproprietary function, he shall be included in only one such coverage group. The determination of which coverage group such employee shall be included in shall be made in such manner as may be specified in the agreement.
"Services Covered"

"(c) (1) An agreement under this section shall be applicable to any one or more coverage groups designated by the State.

"(2) In the case of each coverage group to which the agreement applies, the agreement must include all services (other than services excluded by or pursuant to subsection (d) or paragraph (3) or (5) of this subsection) performed by individuals as members of such group.

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any services of an emergency nature or all services in any class or classes of elective positions, part-time positions, or positions the compensation for which is on a fee basis.

"(4) The Administrator shall, at the request of any State, modify the agreement with such State so as to (A) include any coverage group to which the agreement did not previously apply, or (B) include, in the case of any coverage group to which the agreement applies, services previously excluded from the agreement; but the agreement as so modified may not be inconsistent with the provisions of this section applicable in the case of an original agreement with a State.

"(5) Such agreement shall, if the State requests it exclude (in the case of any coverage group) any agricultural
labor, domestic service, or service performed by a student, designated by the State. This paragraph shall apply only with respect to service which, if performed in the employ of an individual, would be excluded from employment by section 210 (a).

"(6) Such agreement shall exclude services performed by an individual who is employed to relieve him from unemployment and shall exclude services performed in a hospital, home, or other institution by a patient or inmate thereof.

"Exclusion of Positions Covered by Retirement Systems

"(d) No agreement with any State may be made applicable (either in the original agreement or by any modification thereof) to any service performed by employees as members of any coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group.

"Payments and Reports by States

"(e) Each agreement under this section shall provide—

"(1) that the State will pay to the Secretary of the Treasury, at such time or times as the Administrator may by regulation prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 1400 and 1410 of the Internal Revenue Code if the services of employees covered by the agreement constituted employment as defined in section 1426 of such code;
“(2) that the State will comply with such regulations relating to payments and reports as the Administrator may prescribe to carry out the purposes of this section.

“Effective Date of Agreement

“(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification, but in no case prior to January 1, 1951, and in no case (other than in the case of an agreement or modification agreed to prior to January 1, 1953) prior to the first day of the calendar year in which such agreement or modification, as the case may be, is agreed to by the Administrator and the State.

“Termination of Agreement

“(g) (1) Upon giving at least two years' advance notice in writing to the Administrator, a State may terminate, effective at the end of a calendar quarter specified in the notice, its agreement with the Administrator either—

“(A) in its entirety, but only if the agreement has been in effect from its effective date for not less than five years prior to the receipt of such notice; or

“(B) with respect to any coverage group designated by the State, but only if the agreement has been in effect with respect to such coverage group for not
less than five years prior to the receipt of such notice.

"(2) If the Administrator, after reasonable notice and
opportunity for hearing to a State with whom he has entered
into an agreement pursuant to this section, finds that the
State has failed or is no longer legally able to comply sub-
stantially with any provision of such agreement or of this
section, he shall notify such State that the agreement will be
terminated in its entirety, or with respect to any one or more
coverage groups designated by him, at such time, not later
than two years from the date of such notice, as he deems
appropriate, unless prior to such time he finds that there no
longer is any such failure or that the cause for such legal
inability has been removed.

"(3) If any agreement entered into under this section
is terminated in its entirety, the Administrator and the State
may not again enter into an agreement pursuant to this
section. If any such agreement is terminated with respect
to any coverage group, the Administrator and the State
may not thereafter modify such agreement so as to again
make the agreement applicable with respect to such cover-
age group.

"Deposits in Trust Fund; Adjustments

"(h) (1) All amounts received by the Secretary of
the Treasury under an agreement made pursuant to this
section shall be deposited in the Trust Fund.
"(2) If more or less than the correct amount due under an agreement made pursuant to this section is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be prescribed by regulations of the Administrator.

"(3) If an overpayment cannot be adjusted under paragraph (2), the amount thereof and the time or times it is to be paid shall be certified by the Administrator to the Managing Trustee, and the Managing Trustee, through the Fiscal Service of the Treasury Department and prior to any action thereon by the General Accounting Office, shall make payment in accordance with such certification. The Managing Trustee shall not be held personally liable for any payment or payments made in accordance with a certification by the Administrator.

"Regulations

"(i) Regulations of the Administrator to carry out the purposes of this section shall be designed to make the requirements imposed on States pursuant to this section the same, so far as practicable, as those imposed on employers pursuant to this title and subchapters A and E of chapter 9 of the Internal Revenue Code."
"Failure To Make Payments

“(j) In case any State does not make, at the time or times due, the payments provided for under an agreement pursuant to this section, there shall be added, as part of the amounts due, interest at the rate of 6 per centum per annum from the date due until paid, and the Administrator may, in his discretion, deduct such amounts plus interest from any amounts certified by him to the Secretary of the Treasury for payment to such State under any other provision of this Act. Amounts so deducted shall be deemed to have been paid to the State under such other provision of this Act. Amounts equal to the amounts deducted under this subsection are hereby appropriated to the Trust Fund.

"Instrumentalities of Two or More States

“(k) The Administrator may, at the request of any instrumentality of two or more States, enter into an agreement with such instrumentality for the purposes of extending the insurance system established by this title to services performed by individuals as employees of such instrumentality. Such agreement, to the extent practicable, shall be governed by the provisions of this section applicable in the case of an agreement with a State."
"Delegation of Functions

“(1) The Administrator is authorized, pursuant to agreement with the head of any Federal agency, to delegate any of his functions under this section to any officer or employee of such agency and otherwise to utilize the services and facilities of such agency in carrying out such functions, and payment therefore shall be in advance or by way of reimbursement, as may be provided in such agreement.”

PUERTO RICO

Sec. 107. Title II of the Social Security Act is amended by adding after section 218 (added by section 106 of this Act) the following:

"EFFECTIVE DATE IN CASE OF PUERTO RICO

"Sec. 219. If the Governor of Puerto Rico certifies to the President of the United States that the Legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of this title, the effective date referred to in sections 210 (h), 210 (i), 210 (j), 211 (a) (7), and 211 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification."
RECORDS OF WAGES AND SELF-EMPLOYMENT INCOME

SEC. 108. (a) Subsection (b) of section 205 of the Social Security Act is amended by inserting "former wife divorced, husband, widower," after "widow, ".

(b) Subsection (c) of section 205 of the Social Security Act is amended to read as follows:

"(c) (1) For the purposes of this subsection—

"(A) The term 'year' means a calendar year when used with respect to wages and a taxable year (as defined in section 211 (e)) when used with respect to self-employment income.

"(B) The term 'time limitation' means a period of three years, two months, and fifteen days.

"(C) The term 'survivor' means an individual's spouse, former wife divorced, child, or parent, who survives such individual.

"(2) On the basis of information obtained by or submitted to the Administrator, and after such verification thereof as he deems necessary, the Administrator shall establish and maintain records of the amounts of wages paid to, and the amounts of self-employment income derived by, each individual and of the periods in which such wages were
paid and such income was derived and, upon request, shall inform any individual or his survivor, or any agent designated by such individual in writing of the amounts of wages and self-employment income of such individual and the periods during which such wages were paid and such income was derived, as shown by such records at the time of such request.

"(3) The Administrator's records shall be evidence for the purpose of proceedings before the Administrator or any court of the amounts of wages paid to, and self-employment income derived by, an individual and of the periods in which such wages were paid and such income was derived. The absence of an entry in such records as to wages alleged to have been paid to, or as to self-employment income alleged to have been derived by, an individual in any period shall be evidence that no such alleged wages were paid to, or that no such alleged income was derived by, such individual during such period.

"(4) Prior to the expiration of the time limitation following any year the Administrator may, if it is brought to his attention that any entry of wages or self-employment income in his records for such year is erroneous or that any item of wages or self-employment income for such year has been omitted from such records, correct such entry or include
such omitted item in his records, as the case may be. After
the expiration of the time limitation following any year—

“(A) the Administrator’s records (with changes, if any, made pursuant to paragraph (5)) of the amounts of wages paid to, and self-employment income derived by, an individual during any period in such year shall be conclusive for the purposes of this title;

“(B) the absence of an entry in the Administrator’s records as to the wages alleged to have been paid by an employer to an individual during any period in such year shall be presumptive evidence for the purposes of this title that no such alleged wages were paid to such individual in such period; and

“(C) the absence of an entry in the Administrator’s records as to the self-employment income alleged to have been derived by an individual in such year shall be conclusive for the purposes of this title that no such alleged self-employment income was derived by such individual in such year unless it is shown that he filed a tax return of his self-employment income for such year before the expiration of the time limitation following such year; in which case the Administrator shall include in his records the self-employment income of such individual for such year.
“(5) After the expiration of the time limitation following any year in which wages were paid or alleged to have been paid to, or self-employment income was derived or alleged to have been derived by, an individual, the Administrator may change or delete any entry with respect to wages or self-employment income in his records of such year for such individual or include in his records of such year for such individual any omitted item of wages or self-employment income but only—

“(A) if an application for monthly benefits or for a lump-sum death payment was filed within the time limitation following such year; except that no such change, deletion, or inclusion may be made pursuant to this subparagraph after a final decision upon the application for monthly benefits or lump-sum death payment;

“(B) if within the time limitation following such year an individual or his survivor makes a request for a change or deletion, or for an inclusion of an omitted item, and alleges in writing that the Administrator’s records of the wages paid to, or the self-employment income derived by, such individual in such year are in one or more respects erroneous; except that no such change, deletion, or inclusion may be made pursuant to this subparagraph after a final decision upon such request. Written notice of the Administrator’s decision on
any such request shall be given to the individual who
made the request;

"(C) to correct errors apparent on the face of such
records;

"(D) to transfer items to records of the Railroad
Retirement Board if such items were credited under this
title when they should have been credited under the
Railroad Retirement Act, or to enter items transferred
by the Railroad Retirement Board which have been
credited under the Railroad Retirement Act when they
should have been credited under this title;

"(E) to delete or reduce the amount of any entry
which is erroneous as a result of fraud;

"(F) to conform his records to tax returns or por-
tions thereof (including information returns and other
written statements) filed with the Commissioner of
Internal Revenue under title VIII of the Social Security
Act, under subchapter E of chapter 1 or subchapter A
or E of chapter 9 of the Internal Revenue Code, or
under regulations made under authority of such title or
subchapter, and to information returns filed by a State
pursuant to an agreement under section 218 or regula-
tions of the Administrator thereunder; except that no
amount of self-employment income of an individual for
any taxable year (if such return or statement was filed
after the expiration of the time limitation following the
taxable year) shall be included in the Administrator's
records pursuant to this subparagraph in excess of the
amount which has been deleted pursuant to this sub-
paragraph as payments erroneously included in such
records as wages paid to such individual in such taxable
year;

"(G) to correct errors made in the allocation, to
individuals or periods, of wages or self-employment
income entered in the records of the Administrator;

"(H) to include wages paid during any period in
such year to an individual by an employer if there is an
absence of any entry in the Administrator's records of
wages having been paid by such employer to such indi-
vidual in such period; or

"(I) to enter items which constitute remuneration
for employment under subsection (o), such entries to
be in accordance with certified reports of records made
by the Railroad Retirement Board pursuant to section
5 (k) (3) of the Railroad Retirement Act of 1937.

"(G) Written notice of any deletion or reduction under
paragraph (4) or (5) shall be given to the individual whose record is involved or to his survivor, except that (A) in the case of a deletion or reduction with respect to any entry of wages such notice shall be given to such individual only if he has previously been notified by the Administrator of the amount of his wages for the period involved, and (B) such notice shall be given to such survivor only if he or the individual whose record is involved has previously been notified by the Administrator of the amount of such individual's wages and self-employment income for the period involved.

“(7) Upon request in writing (within such period, after any change or refusal of a request for a change of his records pursuant to this subsection, as the Administrator may prescribe), opportunity for hearing with respect to such change or refusal shall be afforded to any individual or his survivor. If a hearing is held pursuant to this paragraph the Administrator shall make findings of fact and a decision based upon the evidence adduced at such hearing and shall include any omitted items, or change or delete any entry, in his records as may be required by such findings and decision.

“(8) Decisions of the Administrator under this subsection shall be reviewable by commencing a civil action in the United States district court as provided in subsection (g).”
(c) Section 205 of the Social Security Act is amended by adding at the end thereof the following subsections:

"Crediting of Compensation Under the Railroad Retirement Act

"(o) If there is no person who would be entitled, upon application therefor, to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act), then, notwithstanding section 210 (a) (10) of this Act, compensation (as defined in such Railroad Retirement Act, but excluding compensation attributable as having been paid during any month on account of military service creditable under section 4 of such Act if wages are deemed to have been paid to such employee during such month under section 217 (a) of this Act) of such employee shall constitute remuneration for employment for purposes of determining (A) entitlement to and the amount of any lump-sum death payment under this title on the basis of such employee's wages or self-employment income and (B) entitlement to and the amount of any monthly benefit under this title, for the month in which such employee died or for any month thereafter, on the basis of such wages or self-employment income. For such purposes, compensation (as so defined) paid in a
calendar year shall, in the absence of evidence to the contrary, be presumed to have been paid in equal proportions with respect to all months in the year in which the employee rendered services for such compensation.

"Special Rules in Case of Federal Service

“(p) (1) With respect to service included as employment under section 210 which is performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the Administrator shall not make determinations as to whether an individual has performed such service, the periods of such service, the amounts of remuneration for such service which constitute wages under the provisions of section 209, or the periods in which or for which such wages were paid, but shall accept the determinations with respect thereto of the head of the appropriate Federal agency or instrumentality, and of such agents as such head may designate, as evidenced by returns filed in accordance with the provisions of section 1420 (e) of the Internal Revenue Code and certifications made pursuant to this subsection. Such determinations shall be final and conclusive.

“(2) The head of any such agency or instrumentality is authorized and directed, upon written request of the Administrator, to make certification to him with respect to any
matter determinable for the Administrator by such head or
his agents under this subsection, which the Administrator
finds necessary in administering this title.

“(3) The provisions of paragraphs (1) and (2)
shall be applicable in the case of service performed by a
civilian employee, not compensated from funds appropriated
by the Congress, in the Army and Air Force Exchange
Service, Army and Air Force Motion Picture Service, Navy
Ship's Service Stores, Marine Corps Post Exchanges, or
other activities, conducted by an instrumentality of the
United States subject to the jurisdiction of the Secretary of
Defense, at installations of the National Military Establish­
ment for the comfort, pleasure, contentment, and mental
and physical improvement of personnel of such Establish­
ment; and for purposes of paragraphs (1) and (2) the
Secretary of Defense shall be deemed to be the head of such
instrumentality.”

(d) The amendments made by subsections (a) and (c)
of this section shall take effect on the first day of the second
calendar month following the month in which this Act is
enacted. The amendment made by subsection (b) of this
section shall take effect January 1, 1951, except that,
effective on the first day of the second calendar month follow­
ing the month in which this Act is enacted, the husband or
former wife divorced of an individual shall be treated the
same as a parent of such individual for purposes of section 205 (c) of the Social Security Act as in effect prior to the enactment of this Act.

MISCELLANEOUS AMENDMENTS

SEC. 109. (a) (1) The second sentence of section 201 (a) of the Social Security Act is amended by striking out "such amounts as may be appropriated to the Trust Fund" and inserting in lieu thereof "such amounts as may be appropriated to, or deposited in, the Trust Fund".

(2) Section 201 (a) of the Social Security Act is amended by striking out the third sentence and by inserting in lieu thereof the following: "There is hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

"(1) the taxes (including interest, penalties, and additions to the taxes) received under subchapter A of chapter 9 of the Internal Revenue Code (and covered into the Treasury) which are deposited into the Treasury by collectors of internal revenue before January 1, 1951; and

"(2) the taxes certified each month by the Commissioner of Internal Revenue as taxes received under subchapter A of chapter 9 of such code which are de-
posited into the Treasury by collectors of internal reve-

nue after December 31, 1950, and before January 1, 1953, with respect to assessments of such taxes made before January 1, 1951; and

“(3) the taxes imposed by subchapter A of chapter 9 of such code with respect to wages (as defined in section 1426 of such code) reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of such code after December 31, 1950, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter to such wages, which wages shall be certified by the Federal Security Admin-

istrator on the basis of the records of wages established and maintained by such Administrator in accordance with such reports; and

“(4) the taxes imposed by subchapter E of chapter 1 of such code with respect to self-employment income (as defined in section 481 of such code) reported to the Commissioner of Internal Revenue on tax returns under such subchapter, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such subchapter to such self-employment income, which self-employment income shall be certified by the Federal Security Administrator on the basis of the records of
self-employment income established and maintained by
the Administrator in accordance with such returns.
The amounts appropriated by clauses (3) and (4) shall be
transferred from time to time from the general fund in the
Treasury to the Trust Fund on the basis of estimates by the
Secretary of the Treasury of the taxes, referred to in clauses
(3) and (4), paid to or deposited into the Treasury; and
proper adjustments shall be made in amounts subsequently
transferred to the extent prior estimates were in excess of or
were less than the amounts of the taxes referred to in such
clauses.”

(3) Section 201 (a) of the Social Security Act is
amended by striking out the following: “There is also author-
ized to be appropriated to the Trust Fund such additional
sums as may be required to finance the benefits and payments
provided under this title.”

(4) Section 201 (b) of such Act is amended by
striking out “Chairman of the Social Security Board” and
inserting in lieu thereof “Federal Security Administrator”.

(5) Section 201 (b) of such Act is amended by adding
after the second sentence thereof the following new sentence:
“The Commissioner for Social Security shall serve as Secre-
tary of the Board of Trustees.”.

(6) Paragraph (2) of section 201 (b) of such Act
is amended by striking out "on the first day of each regular
session of the Congress" and inserting in lieu thereof "not
later than the first day of March of each year".

(7) Section 201 (b) of such Act is amended by striking
out the period at the end of paragraph (3) and inserting
in lieu thereof "; and", and by adding the following new
paragraph:

"(4) Recommend improvements in administrative
procedures and policies."

(8) Section 201 (b) of such Act is amended by adding
at the end thereof the following: "Such report shall be
printed as a House document of the session of the Congress
to which the report is made."

(9) Section 201 (f) of such Act is amended to read as
follows:

"(f) (1) The Managing Trustee is directed to pay
from the Trust Fund into the Treasury the amount esti-
mated by him and the Federal Security Administrator
which will be expended during a three-month period by the
Federal Security Agency and the Treasury Department for
the administration of titles II and VIII of this Act and
subchapter E of chapter 1 and subchapter A of chapter 9
of the Internal Revenue Code. Such payments shall be cov-
ered into the Treasury as repayments to the account for re-
imbursement of expenses incurred in connection with the
administration of titles II and VIII of this Act and sub-
chapter E of chapter 1 and subchapter A of chapter 9 of the
Internal Revenue Code.

"(2) Repayments made under paragraph (1) shall not
be available for expenditures but shall be carried to the
surplus fund of the Treasury. If it subsequently appears
that the estimates under such paragraph in any particular
three-month period were too high or too low, appropriate
adjustments shall be made by the Managing Trustee in
future payments."

(b) (1) Sections 204, 205 (other than subsections
(c) and (l)), and 206 of such Act are amended by strik-
ing out “Board” wherever appearing therein and inserting
in lieu thereof “Administrator”; by striking out “Board’s”
wherever appearing therein and inserting in lieu thereof
“Administrator’s”; and by striking out (where they refer to
the Social Security Board) “it” and “its” and inserting in
lieu thereof “he”, “him”, or “his”, as the context may
require.

(2) Section 205 (l) of such Act is amended to read as
follows:

“(l) The Administrator is authorized to delegate to any
member, officer, or employee of the Federal Security Agency
designated by him any of the powers conferred upon him by
this section, and is authorized to be represented by his own
attorneys in any court in any case or proceeding arising under the provisions of subsection (e)."

(c) Section 208 of such Act is amended by striking out the words "the Federal Insurance Contributions Act" and inserting in lieu thereof the following: "subchapter E of chapter 1 or subchapter A or E of chapter 9 of the Internal Revenue Code".

SERVICES FOR COOPERATIVES PRIOR TO 1961

Sec. 110. In any case in which—

(1) an individual has been employed at any time prior to 1951 by organizations enumerated in the first sentence of section 101 (12) of the Internal Revenue Code,

(2) the service performed by such individual during the time he was so employed constituted agricultural labor as defined in section 209 (1) of the Social Security Act and section 1426 (h) of the Internal Revenue Code, as in effect prior to the enactment of this Act, and such service would, but for the provisions of such sections have constituted employment for the purposes of title II of the Social Security Act and subchapter A of chapter 9 of such Code,

(3) the taxes imposed by section 1400 and 1410 of the Internal Revenue Code have been paid with respect to any part of the remuneration paid to such
individual by such organization for such service and
the payment of such taxes by such organization has been
made in good faith upon the assumption that such service
did not constitute agricultural labor as so defined, and
(4) no refund of such taxes has been obtained,
the amount of such remuneration with respect to which such
taxes have been paid shall be deemed to constitute remunera-
tion for employment as defined in section 209 (b) of the
Social Security Act as in effect prior to the enactment of
this Act (but, it shall not constitute wages for purposes of
deductions under section 203 of such Act for months for
which benefits under title II of such Act have been certified
and paid prior to the enactment of this Act).

TITLE II—AMENDMENTS TO INTERNAL
REVENUE CODE
RATE OF TAX ON WAGES
Sec. 201. (a) Clauses (2) and (3) of section 1400 of
the Internal Revenue Code are amended to read as follows:
“(2) With respect to wages received during the
calendar years 1950 to 1955, both inclusive, the rate
shall be 1 1/2 per centum.
“(3) With respect to wages received during the
calendar years 1956 to 1959, both inclusive, the rate
shall be 2 per centum.
“(4) With respect to wages received during the
calendar years 1960 to 1964, both inclusive, the rate
shall be 2½ per centum.

"(5) With respect to wages received during the
calendar years 1965 to 1969, both inclusive, the rate
shall be 3 per centum.

"(6) With respect to wages received after December
31, 1969, the rate shall be 3½ per centum."

(b) Clauses (2) and (3) of section 1410 of the Interna-
tional Revenue Code are amended to read as follows:

"(2) With respect to wages paid during the calen-
dar years 1950 to 1955, both inclusive, the rate shall be
1½ per centum.

"(3) With respect to wages paid during the calen-
dar years 1956 to 1959, both inclusive, the rate shall be 2
per centum.

"(4) With respect to wages paid during the calen-
dar years 1960 to 1964, both inclusive, the rate shall
be 2½ per centum.

"(5) With respect to wages paid during the calen-
dar years 1965 to 1969, both inclusive, the rate shall be
3 per centum.

"(6) With respect to wages paid after December
31, 1969, the rate shall be 3½ per centum."
FEDERAL SERVICE

Sec. 202. (a) Part II of subchapter A of chapter 9 of the Internal Revenue Code is amended by adding after section 1411 the following new section:

"Sec. 1412. Instrumentalities of the United States.

"Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 1410 unless such other provision of law grants a specific exemption, by reference to section 1410, from the tax imposed by such section."

(b) Section 1420 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(e) Federal Service.—In the case of the taxes imposed by this subchapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the determination whether an individual has performed service which constitutes employment as defined in section 1426, the determination of the amount of remuneration for such service which constitutes wages as defined in such section, and
the return and payment of the taxes imposed by this sub-
chapter, shall be made by the head of the Federal agency or
instrumentality having the control of such service, or by such
agents as such head may designate. The person making such
return may, for convenience of administration, make pay-
ments of the tax imposed under section 1410 with respect to
such service without regard to the $3,600 limitation in section
1426 (a) (1), and he shall not be required to obtain a
refund of the tax paid under section 1410 on that part of the
remuneration not included in wages by reason of section
1426 (a) (1). The provisions of this subsection shall be
applicable in the case of service performed by a civilian em-
ployee, not compensated from funds appropriated by the
Congress, in the Army and Air Force Exchange Service,
Army and Air Force Motion Picture Service, Navy Ship's
Service Stores, Marine Corps Post Exchanges, or other activ-
ities, conducted by an instrumentality of the United States
subject to the jurisdiction of the Secretary of Defense, at
installations of the National Military Establishment for the
comfort, pleasure, contentment, and mental and physical im-
provement of personnel of such Establishment; and for pur-
poses of this subsection the Secretary of Defense shall be
deemed to be the head of such instrumentality."

(c) Section 1411 of the Internal Revenue Code is
amended by adding at the end thereof the following new
sentence: "For the purposes of this section, in the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year after the calendar year 1950, each head of a Federal agency or instrumentality who makes a return pursuant to section 1420 (e) and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall be deemed a separate employer.".

(d) The amendments made by this section shall be applicable only with respect to remuneration paid after 1950.

DEFINITION OF WAGES

Sec. 203. (a) Section 1426 (a) of the Internal Revenue Code is amended to read as follows:

"(a) WAGES.—The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

"(1) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to $3,600 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to ...
as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $3,600 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

“(2) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer
which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical or hospitalization expenses in connection with sickness or accident disability, or (D) death;

“(3) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

“(4) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

“(5) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the
trust, or (B) under or to an annuity plan which, at the
time of such payment, meets the requirements of section
165 (a) (3), (4), (5), and (6);

"(6) The payment by an employer (without deduc-
tion from the remuneration of the employee) (A) of
the tax imposed upon an employee under section 1400,
or (B) of any payment required from an employee
under a State unemployment compensation law;

"(7) Remuneration paid in any medium other than
cash to an employee for service not in the course of the
employer’s trade or business or for domestic service in
a private home of the employer;

"(8) Remuneration paid in any medium other than
cash for agricultural labor; or

"(9) Any payment (other than vacation or sick
pay) made to an employee after the month in which
he attains the age of sixty-five, if he did not work for
the employer in the period for which such payment
is made."

(b) So much of section 1401 (d) (2) of the Internal
Revenue Code as precedes the second sentence thereof is
amended to read as follows:

"(2) WAGES RECEIVED DURING 1947, 1948, 1949,
AND 1950.—If by reason of an employee receiving wages
from more than one employer during the calendar year
1947, 1948, 1949, or 1950 the wages received by him during such year exceed $3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,000 of such wages received."

(c) Section 1401 (d) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraphs:

"(3) WAGES RECEIVED AFTER 1950.—If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1950 the wages received by him during such year exceed $3,600, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,600 of such wages received. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the wages were received
with respect to which refund of tax is claimed, and
(B) such claim is made within two years after the
calendar year in which such wages were received. No
interest shall be allowed or paid with respect to any such
refund.

"(4) SPECIAL RULES IN THE CASE OF FEDERAL
AND STATE EMPLOYEES.—

"(A) Federal Employees.—In the case of re-
muneration received from the United States or a
wholly owned instrumentality thereof during any
calendar year after the calendar year 1950, each
head of a Federal agency or instrumentality who
makes a return pursuant to section 1420 (e) and
each agent, designated by the head of a Federal
agency or instrumentality, who makes a return pur-
suant to such section shall, for the purposes of
subsection (c) and paragraph (2) of this subsection,
be deemed a separate employer; and the term 'wages'
includes, for the purposes of paragraph (2) of this
subsection, the amount, not to exceed $3,600, deter-
mined by each such head or agent as constituting
wages paid to an employee.

"(B) State Employees.—For the purposes of
paragraph (2) of this subsection, in the case of
remuneration received during any calendar year
after the calendar year 1950, the term 'wages' includes remuneration for services covered by an agreement made pursuant to section 218 of the Social Security Act; the term 'employer' includes a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing; the term 'tax' or 'tax imposed by section 1400' includes, in the case of services covered by an agreement made pursuant to section 218 of the Social Security Act, an amount equivalent to the tax which would be imposed by section 1400 (a), if such services constituted employment as defined in section 1426; and the provisions of paragraph (2) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of an agreement made pursuant to section 218 of the Social Security Act has been paid to the Secretary of the Treasury."

(c) The amendment made by subsection (a) of this section shall be applicable only with respect to remuneration paid after 1950. In the case of remuneration paid prior to 1951, the determination under section 1426 (a) (1) of the Internal Revenue Code (prior to its amendment by this Act) of whether or not such remuneration constituted wages shall be made as if subsection (a) of this section had not been
enacted and without inferences drawn from the fact that the amendment made by subsection (a) is not made applicable to periods prior to 1951.

**DEFINITION OF EMPLOYMENT**

Sec. 204. (a) Effective January 1, 1951, section 1426 (b) of the Internal Revenue Code is amended to read as follows:

"(b) EMPLOYMENT.—The term 'employment' means any service performed after 1936 and prior to 1951 which was employment for the purposes of this subchapter under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (i) of this section); except that, in the
case of service performed after 1950, such term shall not include—

"(1) (A) Agricultural labor (as defined in subsection (h) of this section) performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor is $50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For the purposes of this subparagraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (i) on each of some sixty days during such quarter such individual performs agricultural labor for such employer for some portion of the day, or (ii) such individual was regularly employed (as determined under clause (i)) by such employer in the performance of such labor during the preceding calendar quarter;

"(B) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton;

"(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority,
by a student who is enrolled and is regularly attending classes at a school, college, or university;

"(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term 'service not in the course of the employer's trade or business' includes domestic service in a private home of the employer;

"(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

"(5) Service performed by an individual on or in
connection with a vessel not an American vessel, or
on or in connection with an aircraft not an American
aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;

"(6) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 1410 by virtue of any provision of law which specifically refers to such section in granting such exemption;

"(7) (A) Service performed in the employ of the United States, if such service is covered by a retirement system established by a law of the United States or by the agency for which such service is performed;

"(B) Service performed in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

"(C) Service performed in the employ of an instrumentality of the United States which is either wholly owned or which, but for the provisions of section 1412, would be exempt from the tax imposed by section 1410 and was exempt from the tax imposed by section 1410 on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—
“(i) service performed in the employ of a national farm loan association, a production credit association, a State, county, or community committee under the Production and Marketing Administration, a Federal credit union, the Bonneville Power Administrator, or the United States Maritime Commission; or

“(ii) service performed in the employ of the Tennessee Valley Authority unless such service is covered by a retirement system established by such authority; or

“(iii) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Ship’s Service Stores, Marine Corps Post Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the National Military Establishment for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Establishment;

“(D) Service performed in the employ of the
United States or in the employ of any instrumentality
of the United States, if such service is performed—

"(i) as the President or Vice President of the
United States or as a Member, Delegate, or Resi-
dent Commissioner, of or to the Congress;

"(ii) in the legislative branch;

"(iii) in the field service of the Post Office
Department unless performed by any individual as
an employee who is excluded by Executive order
from the operation of the Civil Service Retirement
Act of 1930 because he is serving under a tempo-
rary appointment pending final determination of
eligibility for permanent or indefinite appointment;

"(iv) in or under the Bureau of the Census
of the Department of Commerce by temporary em-
ployees employed for the taking of any census;

"(v) by any individual as an employee who
is excluded by Executive order from the operation
of the Civil Service Retirement Act of 1930 because
he is paid on a contract or fee basis;

"(vi) by any individual as an employee re-
ceiving nominal compensation of $12 or less per
annum;
“(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

“(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U. S. C., sec. 951);

“(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

“(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other emergency;

“(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

“(xii) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States;

“(8) (A) Service performed in the employ of a
State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions (other than service performed in the employ of a State, political subdivision, or instrumentality in connection with the operation of any public transportation system the whole or any part of which was acquired after 1936);

"(B) Service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1410;

"(9) (A) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

"(B) Service in the employ of—

"(i) a corporation, fund, or foundation which is exempt from income tax under section 101 (6) and is organized and operated primarily for religious purposes; or

"(ii) a corporation, fund, or foundation which is exempt from income tax under section 101 (6)
and is owned and operated by one or more corporations, funds, or foundations included under clause (i) of this subparagraph; unless such service is performed on or after the first day of the calendar quarter following the calendar quarter in which such corporation, fund, or foundation files (whether filed on, before, or after January 1, 1951) with the Commissioner a statement that it desires to have the insurance system established by title II of the Social Security Act extended to services performed by its employees;

“(10) Service performed by an individual as an employee or employee representative as defined in section 1532;

“(11) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101, if the remuneration for such service is less than $50;

“(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

“(12) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);
“(13) Service performed in the employ of an instrumentality wholly owned by a foreign government—

“(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

“(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalties thereof;

“(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

“(15) Service performed by an individual in (or as an officer or member of the crew of a vessel while H. R. 6000—22
it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);

"(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

"(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum
amount of compensation for such service, or is entitled
to be credited with the unsold newspapers or magazines
turned back; or

"(17) Service performed in the employ of an
international organization."

(b) Effective January 1, 1951, section 1426 (e) of
the Internal Revenue Code is amended to read as follows:

"(e) STATE, ETC.—

"(1) The term 'State' includes Alaska, Hawaii,
the District of Columbia, and the Virgin Islands; and on
and after the effective date specified in section 3810
such term includes Puerto Rico.

"(2) UNITED STATES.—The term 'United States'
when used in a geographical sense includes the Virgin
Islands; and on and after the effective date specified in
section 3810 such term includes Puerto Rico.

"(3) CITIZEN.—An individual who is a citizen of
Puerto Rico (but not otherwise a citizen of the United
States) and who is not a resident of the United States
shall not be considered, for the purposes of this section,
as a citizen of the United States prior to the effective
date specified in section 3810."

(c) Section 1426 (g) of the Internal Revenue Code
is amended by striking out "'(g) American Vessel.—'" and
inserting in lieu thereof "'(g) American Vessel and Air-
craft.—", and by striking out the period at the end of such
subsection and inserting in lieu thereof the following: "; and
the term 'American aircraft' means an aircraft registered
under the laws of the United States."

(d) Section 1426 (h) of the Internal Revenue Code
is amended to read as follows:

"(h) AGRICULTURAL LABOR.—The term 'agricultural
labor' includes all service performed—

"(1) On a farm, in the employ of any person, in
connection with cultivating the soil, or in connection
with raising or harvesting any agricultural or horticul-
tural commodity, including the raising, shearing, feeding,
caring for, training, and management of livestock, bees,
poultry, and fur-bearing animals and wildlife.

"(2) In the employ of the owner or tenant or other
operator of a farm, in connection with the operation,
management, conservation, improvement, or mainte-
nance of such farm and its tools and equipment, or in
salvaging timber or clearing land of brush and other
debris left by a hurricane, if the major part of such
service is performed on a farm.

"(3) In connection with the production or harvest-
ing of any commodity defined as an agricultural com-
modity in section 15 (g) of the Agricultural Marketing
Act, as amended, or in connection with the ginning of
cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

"(A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading; storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed.

"(B) In the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For the purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than twenty at any time during the calendar quarter in which such service is performed.

"(C) The provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial
canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

"(5) On a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer. "As used in this section, the term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards."

(e) Section 1426 of the Internal Revenue Code is amended by striking out subsections (i) and (j) and inserting in lieu thereof the following:

"(i) AMERICAN Employer.—The term 'American employer' means an employer which is (1) the United States or any instrumentality thereof, (2) an individual who is a resident of the United States, (3) a partnership, if two-thirds or more of the partners are residents of the United States, (4) a trust, if all of the trustees are residents of the United States, or (5) a corporation organized under the laws of the United States or of any State.

"(j) COMPUTATION OF WAGES IN CERTAIN CASES.—For purposes of this subchapter, in the case of service not
in the course of the employer's trade or business within
the meaning of subsection (b) (3), if such service is per­
formed by an employee who is regularly employed during
the calendar quarter within the meaning of such subsection,
any payment of cash remuneration which is more or less
than a whole-dollar amount shall, under such conditions
and to such extent as may be prescribed by regulations made
under this subchapter, be computed to the nearest dollar.

For the purpose of the computation to the nearest dollar,
the payment of a fractional part of a dollar shall be disre­
garded unless it amounts to one-half dollar or more, in which
case it shall be increased to $1. The amount of any payment
of cash remuneration so computed to the nearest dollar shall,
in lieu of the amount actually paid, be deemed to constitute—

"(1) the amount of remuneration for purposes of
subsection (b) (3), and

"(2) the amount of wages for purposes of this
subchapter, if such payment constitutes remuneration
for employment, but only to the extent not excepted by
any of the numbered paragraphs of subsection (a)."

(f) Sections 1426 (c) and 1428 of the Internal Revenue
Code are each amended by striking out "paragraph (9)"
and inserting in lieu thereof "paragraph (10)".

(g) The amendments made by subsections (c), (d),
(e), and (f) of this section shall be applicable only with respect to services performed after 1950.

DEFINITION OF EMPLOYEE

SEC. 205. (a) Section 1426 (d) of the Internal Revenue Code is hereby amended to read as follows:

"(d) EMPLOYEE.—The term 'employee' means—

"(1) any officer of a corporation; or
"(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or
"(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

"(A) as an agent-driver or commission-driver engaged in distributing meat products, bakery products, or laundry or dry-cleaning services for his principal;
"(B) as a full-time life insurance salesman; or
"(C) as a traveling or city salesman engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for
side-line sales activities on behalf of some other
person) of (i) orders from retail merchants for
merchandise to be delivered subsequently to such mer-
chants for retail sale to their customers, or (ii)
orders from hotels, restaurants, and other similar
establishments for supplies to be delivered subse-
quently to such establishments and to be consumed
in the operation thereof;
if the contract of service contemplates that substantially
all of such services are to be performed personally by
such individual; except that an individual shall not be
included in the term ‘employee’ under the provisions
of this paragraph if such individual has a substantial
investment in facilities used in connection with the per-
formance of such services (other than in facilities for
transportation), or if the services are in the nature of
a single transaction not part of a continuing relationship
with the person for whom the services are performed.”
(b) The amendment made by this section shall be ap-
plicable only with respect to services performed after
1950.
COMBINED WITHHOLDING OF INCOME AND EMPLOYEE SOCIAL SECURITY TAXES

SEC. 206. (a) Section 1400 of the Internal Revenue Code is amended by inserting before “In addition to other taxes” the following:

“(a) IN GENERAL.—”

and by adding at the end of such section the following new subsection:

“(b) WAGES SUBJECT TO COMBINED WITHHOLDING OF INCOME AND EMPLOYEE SOCIAL SECURITY TAXES.— If wages as defined in section 1633 (relating to combined withholding of income and employee social security taxes) are received by an individual, there shall be levied, collected, and paid upon the income of such individual, in lieu of the tax determined under subsection (a) with respect to such wages, the tax which under section 1633 (d) (1) is considered as imposed by this subsection."

(b) Section 1401 (a) of the Internal Revenue Code is amended to read as follows:

“(a) REQUIREMENT.—The tax imposed by section 1400 (a) shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid. The tax imposed by section 1400 (b) shall be collected by the employer of the taxpayer in the manner pre-
scribed by section 1633 (relating to combined withholding of income and employee social security taxes)."

(c) Section 1622 (a) of the Internal Revenue Code is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—

"(1) IN GENERAL.—Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to 15 per centum of the amount by which the wages exceed the number of withholding exemptions claimed multiplied by the amount of one such exemption as shown in subsection (b) (1).

"(2) WAGES SUBJECT TO COMBINED WITHHOLDING OF INCOME AND EMPLOYEE SOCIAL SECURITY TAXES.—The provisions of paragraph (1) of this subsection and of subsection (c) (1) of this section shall not apply with respect to any payment of wages as defined in section 1633 (relating to combined withholding of income and employee social security taxes). Every employer making payment of such wages shall deduct and withhold upon such wages, in the manner prescribed by section 1633, the tax which under section 1633 (d) (1) is considered as imposed by this paragraph."

(d) Subchapter E of chapter 9 of the Internal Revenue
Code is amended by adding at the end thereof the following new sections:

"SEC. 1633. COMBINED WITHHOLDING OF INCOME AND EMPLOYEE SOCIAL SECURITY TAXES.

"(a) DEFINITION OF WAGES SUBJECT TO COMBINED WITHHOLDING.—As used in this section, the term 'wages' means a payment of remuneration by a person to an individual if the person making such payment is the employer of such individual within the meaning of subchapters A and D of this chapter or is authorized under section 1632 to deduct and withhold the tax under this section with respect to such payment, and if all of such payment is both—

"(1) wages as defined in section 1621 (a) (relating to wages subject to income tax withholding), and

"(2) wages as defined in section 1426 (a) (relating to wages subject to employee social security tax), determined without regard to paragraph (1) of section 1426 (a) (relating to the $3,600 limitation on remuneration) and without regard to paragraph (2) (B), (C), and (D) and paragraph (4) of section 1426 (a) (relating to sickness, accident disability, medical and hospitalization, and death payments).

"(b) PERCENTAGE WITHHOLDING.—Every employer making a payment of wages to an employee shall deduct and
withhold from such wages a tax equal to the sum of the following:

"(1) 1 1/2 per centum of the wages, and
"(2) 15 per centum of the wages in excess of an amount equal to one withholding exemption as determined under section 1622 (b) multiplied by the number of withholding exemptions claimed (as defined in section 1621 (c)).

"(c) Wage Bracket Withholding.—At the election of the employer with respect to any payment of wages to an employee, the employer shall deduct and withhold from the wages paid to such employee a tax determined in accordance with tables prescribed by the Commissioner pursuant to section 1634, which shall be in lieu of the tax required to be deducted and withheld under subsection (b) of this section.

"(d) Apportionment of Tax.—

"(1) Tax required to be deducted and withheld. The tax required to be deducted and withheld under this section during any calendar year shall be considered the tax required to be deducted and withheld under section 1622 (a) (2) to the extent such tax under this section exceeds 1 1/2 per centum of the wages paid by the employer to the employee during such calen-
The tax imposed by section 1400 (b). For the purposes of this subsection in determining 1½ per centum of the wages, the term ‘wages’ shall not include any amount which is not wages as defined in section 1436 (a).

"(2) Tax actually deducted and withheld.—The amount deducted and withheld as tax under this section shall be apportioned, in the manner provided in paragraph (1) (relating to the tax required to be deducted and withheld under this section), on the basis of the facts and circumstances known at the close of the period during which such amount was deducted and withheld, and, to the extent determined by such apportionment, shall be deemed an amount deducted and withheld as tax under section 1622 and an amount deducted and withheld as tax under section 1401, respectively.

"(e) Change of rate under section 1400.—If for any calendar year the applicable rate prescribed by section 1400 (a) is not 1½ per centum, then there shall be substituted for the rate of 1½ per centum wherever specified in this section the rate prescribed by section 1400 (a) for such calendar year.

"(f) Other laws applicable.—All provisions of law, including penalties, applicable with respect to the tax
required to be deducted and withheld under section 1622 shall, insofar as applicable and not inconsistent with the provisions of this section, be applicable with respect to the tax under this section.

"SEC. 1634. WAGE BRACKET WITHHOLDING TABLES.

"The Commissioner shall prescribe the wage bracket withholding tables referred to in section 1633 (c). Such tables shall be identical with the tables prescribed by section 1622 (c), except that the tax to be withheld under such tables shall differ from the tax to be withheld under the tables prescribed by section 1622 (c) only in the following respects:

"(a) Wherever the tables prescribed by section 1622 (c) show a specific amount (including a showing of $0) of tax to be withheld with respect to a wage bracket, except where such amount is shown for the highest wage bracket in the table, such specific amount shall be increased by an amount equal to the applicable tax rate prescribed by section 1400 (a) applied to the amount at the midpoint of the wage bracket.

"(b) In the case of the highest wage bracket shown in a table, the specific amount of tax to be withheld shown in the corresponding table prescribed by section 1622 (c) shall be increased by an amount equal to the applicable tax rate prescribed by section 1400 (a)
applied to the amount at the lower limit of such highest wage bracket.

"(c) Wherever the tables prescribed by section 1622 (c) show a specific percentage, such percentage shall be increased by the applicable tax rate prescribed by section 1400 (a).

"SEC. 1635. TAX PAID BY RECIPIENT.

"If the employer, in violation of the provisions of section 1633, fails to deduct and withhold the tax under such section, if by reason of section 1633 (d) a portion of such tax is considered tax required to be deducted and withheld under section 1622, and if thereafter the tax against which such portion may be credited is paid, such portion of the tax required to be deducted and withheld under section 1633 (determined in accordance with section 1633 (d)) shall not be collected from the employer; but this section shall in no case relieve the employer from liability for any penalties or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

"SEC. 1636. RECEIPTS FOR EMPLOYEES.

"(a) REQUIREMENT.—Every person required to deduct and withhold from an employee a tax under section 1400, 1622, or 1633, or who would have been required to deduct and withhold a tax under section 1622 if the employee had claimed no more than one withholding exemption, shall
furnish to each such employee in respect of the remuneration
paid by such person to such employee during the calendar year,
on or before January 31 of the succeeding year, or, if his em-
ployment is terminated before the close of such calendar year,
on the day on which the last payment of remuneration is made,
a written statement showing the following: (1) the name of
such person, (2) the name of the employee (and his social
security account number if wages as defined in section 1426
(a) have been paid), (3) the total amount of wages as
defined in section 1621 (a), (4) the total amount deducted
and withheld as tax under section 1622, (5) the total amount
of wages as defined in section 1426 (a), and (6) the total
amount deducted and withheld as tax under section 1400.
For the determination of the portion of the amount deducted
and withheld as tax under section 1633 which is deemed an
amount deducted and withheld as tax under section 1622
and the portion which is deemed an amount deducted and
withheld as tax under section 1400, see section 1633 (d) (2).
"(b) Statements to constitute information
returns.—The statements required to be furnished by this
section in respect of any remuneration shall be furnished at
such other times, shall contain such other information, and
shall be in such form as the Commissioner, with the approval
of the Secretary, may by regulations prescribe. A duplicate
of any such statement if made and filed in accordance with
regulations prescribed by the Commissioner with the approval
of the Secretary shall constitute the return required to be
made in respect of such remuneration under section 147. If
such statement is required for a period other than a calendar
year, the apportionment for such other period shall be made
in a manner similar to that provided in section 1633 (d).

"(c) Extension of Time.—The Commissioner, under
such regulations as he may prescribe with the approval of
the Secretary, may grant to any person a reasonable exten-
sion of time (not in excess of thirty days) with respect to the
statements required to be furnished under this section.

"Sec. 1637. Penalties.

"(a) Penalties for Fraudulent Statement or
Failure to Furnish Statement.—In lieu of any other
penalty provided by law (except the penalty provided by sub-
section (b) of this section), any person required under the
provisions of section 1636 to furnish a statement who willfully
furnishes a false or fraudulent statement, or who willfully
fails to furnish a statement in the manner, at the time, and
showing the information required under section 1636, or
regulations prescribed thereunder, shall for each such fail-
ure, upon conviction thereof, be fined not more than $1,000,
or imprisoned for not more than one year, or both.

"(b) Additional Penalty.—In addition to the
penalty provided by subsection (a) of this section, any person required under the provisions of section 1636 to furnish a statement who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 1636, or regulations prescribed thereunder, shall for each such failure be subject to a civil penalty of $50. Such penalty shall be assessed and collected in the same manner as the tax imposed by section 1410.”

(e) (1) Section 322 (a) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraph:

“(4) CREDIT FOR ‘SPECIAL REFUNDS’ OF EMPLOYEE SOCIAL SECURITY TAX.—The Commissioner is authorized to prescribe, with the approval of the Secretary, regulations providing for the crediting against the tax imposed by this chapter for any taxable year of the amount determined by the taxpayer or the Commissioner to be allowable under section 1401 (d) as a special refund of tax imposed on wages received during the calendar year in which such taxable year begins. If more than one taxable year begins in such calendar year, such amount shall not be allowed under this section as a credit against the tax for any taxable year other than the last taxable year so beginning. The
amount allowed as a credit under such regulations shall, for the purposes of this chapter, be considered an amount deducted and withheld at the source as tax under subchapter D of chapter 9."

(2) Section 1403 (a) of the Internal Revenue Code is amended by striking out the first sentence and inserting in lieu thereof the following: "Every employer shall furnish to each of his employees a written statement or statements, in a form suitable for retention by the employee, showing the wages paid by him to the employee before January 1, 1951. (For corresponding provisions with respect to wages paid after December 31, 1950, see section 1636.)"

(3) Section 1625 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(d) APPLICATION OF SECTION.—This section shall apply only with respect to wages paid before January 1, 1951. For corresponding provisions with respect to wages paid after December 31, 1950, see section 1636."

(f) The amendments made by this section shall be applicable only with respect to wages paid after December 31, 1950, except that the amendment made by subsection (e) (1) of this section shall be applicable only with respect to taxable years beginning after December 31, 1950, and only
with respect to "special refunds" in the case of wages paid after December 31, 1950.

PERIODS OF LIMITATION ON ASSESSMENT AND REFUND OF CERTAIN EMPLOYMENT TAXES

Sec. 207. (a) Subchapter E of chapter 9 of the Internal Revenue Code is amended by inserting at the end thereof the following new sections:

"Sec. 1638. Period of limitation upon assessment and collection of certain employment taxes.

(a) General Rule.—The amount of any tax imposed by subchapter A of this chapter, subchapter D of this chapter, or this subchapter, shall (except as otherwise provided in the following subsections of this section) be assessed within three years after the return was filed, and no proceeding in court without assessment for the collection of such tax shall be begun after the expiration of such period.

(b) False Return or No Return.—In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(c) Willful Attempt to Evade Tax.—In case of a willful attempt in any manner to defeat or evade tax, the tax may be assessed, or a proceeding in court for the collec-
tion of such tax may be begun without assessment, at any
time.

(d) Collection After Assessment.—Where the
assessment of any tax imposed by subchapter A of this chapter,
subchapter D of this chapter, or this subchapter, has been
made within the period of limitation properly applicable
thereto, such tax may be collected by distraint or by a proceed-
ing in court, but only if begun (1) within six years after
the assessment of the tax, or (2) prior to the expiration of
any period for collection agreed upon in writing by the Com-
missioner and the taxpayer.

(e) Date of Filing of Return.—For the purposes
of this section, if a return for any period ending with or within
a calendar year is filed before March 15 of the succeeding
calendar year, such return shall be considered filed on March
15 of such succeeding calendar year.

(f) Application of Section.—The provisions of
this section shall apply only to those taxes imposed by sub-
chapter A of this chapter, subchapter D of this chapter, or
this subchapter, which are required to be collected and paid
by making and filing returns.

(g) Effective Date.—The provisions of this section
shall not apply to any tax imposed with respect to remunera-
tion paid during any calendar year before 1951.
"SEC. 1639. PERIOD OF LIMITATION UPON REFUNDS AND CREDITS OF CERTAIN EMPLOYMENT TAXES.

"(a) General Rule.—In the case of any tax imposed by subchapter A of this chapter, subchapter D of this chapter, or this subchapter—

"(1) Period of limitation.—Unless a claim for credit or refund is filed by the taxpayer within three years from the time the return was filed or within two years from the time the tax was paid, no credit or refund shall be allowed or made after the expiration of whichever of such periods expires the later. If no return is filed, then no credit or refund shall be allowed or made after two years from the time the tax was paid, unless before the expiration of such period a claim therefor is filed by the taxpayer.

"(2) Limit on amount of credit or refund.—The amount of the credit or refund shall not exceed the portion of the tax paid—

"(A) If a return was filed, and the claim was filed within three years from the time the return was filed, during the three years immediately preceding the filing of the claim.

"(B) If a claim was filed, and (i) no return was filed, or (ii) if the claim was not filed within
three years from the time the return was filed, during the two years immediately preceding the filing of the claim.

"(C) If no claim was filed and the allowance of credit or refund is made within three years from the time the return was filed, during the three years immediately preceding the allowance of the credit or refund.

"(D) If no claim was filed, and (i) no return was filed or (ii) the allowance of the credit or refund is not made within three years from the time the return was filed, during the two years immediately preceding the allowance of the credit or refund.

"(b) PENALTIES, ETC.—The provisions of subsection (a) of this section shall apply to any penalty or sum assessed or collected with respect to the tax imposed by subchapter A of this chapter, subchapter D of this chapter, or this subchapter.

"(c) DATE OF FILING RETURN AND DATE OF PAYMENT OF TAX.—For the purposes of this section—

"(1) If a return for any period ending with or within a calendar year is filed before March 15 of the succeeding calendar year, such return shall be con-
sidered filed on March 15 of such succeeding calendar year; and

“(2) If a tax with respect to remuneration paid during any period ending with or within a calendar year is paid before March 15 of the succeeding calendar year, such tax shall be considered paid on March 15 of such succeeding calendar year.

“(d) APPLICATION OF SECTION.—The provisions of this section shall apply only to those taxes imposed by subchapter A of this chapter, subchapter D of this chapter, or this subchapter, which are required to be collected and paid by making and filing returns.

“(e) EFFECTIVE DATE.—The provisions of this section shall not apply to any tax paid or collected with respect to remuneration paid during any calendar year before 1951 or to any penalty or sum paid or collected with respect to such tax.”

(b) (1) Section 3312 of the Internal Revenue Code is amended by inserting immediately after the words “gift taxes” (which words immediately precede subsection (a) thereof) a comma and the following: “and except as otherwise provided in section 1638 with respect to employment taxes under subchapters A, D, and E of chapter 9”.

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(2) Section 3313 of the Internal Revenue Code is amended as follows:

(A) By inserting immediately after the words “and gift taxes,”, where those words first appear in the section, the following: “and except as otherwise provided by law in the case of employment taxes under subchapters A, D, and E of chapter 9”; and

(B) By inserting immediately after the words “and gift taxes”, where those words appear in the parenthetical phrase, a comma and the following: “and other than such employment taxes”.

(3) Section 3645 of the Internal Revenue Code is amended by striking out “Employment taxes, section 3312.” and inserting in lieu thereof the following: “Employment taxes, sections 1638 and 3312.”

(4) Section 3772 (c) of the Internal Revenue Code is amended by inserting at the end thereof the following:

“Employment taxes, see sections 1639 and 3313.”

SELF-EMPLOYMENT INCOME

Sec. 208. (a) Chapter 1 of the Internal Revenue Code is amended by adding at the end thereof the following new subchapter:
"SUBCHAPTER E—TAX ON SELF-EMPLOYMENT INCOME

SEC. 480. RATE OF TAX.

"In addition to other taxes, there shall be levied, collected, and paid for each taxable year beginning after December 31, 1950, upon the self-employment income of every individual, a tax as follows:

"(1) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1956, the tax shall be equal to $2\frac{1}{2}$ per centum of the amount of the self-employment income for such taxable year.

"(2) In the case of any taxable year beginning after December 31, 1955, and before January 1, 1960, the tax shall be equal to 3 per centum of the amount of the self-employment income for such taxable year.

"(3) In the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to $3\frac{3}{4}$ per centum of the amount of the self-employment income for such taxable year.

"(4) In the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to $4\frac{1}{4}$ per centum of the amount of the self-employment income for such taxable year."
“(5) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4\% per centum of the amount of the self-employment income for such taxable year.

“SEC. 481. DEFINITIONS.

“For the purposes of this subchapter—

“(a) NET EARNINGS FROM SELF-EMPLOYMENT.—

The term ‘net earnings from self-employment’ means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—

“(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;

“(2) There shall be excluded income derived from any trade or business in which, if the trade or business
were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h); and there shall be excluded all deductions attributable to such income;

“(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 25 (a)) are received in the course of a trade or business as a dealer in stocks or securities;

“(4) There shall be excluded any gain or loss (A) which is considered as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale to customers in the ordinary course of the trade or business;
"(5) The deduction for net operating losses provided in section 23 (s) shall not be allowed;

"(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;

"(B) If any portion of a partner's distributive share of the ordinary net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

"(7) In the case of any taxable year beginning on or after the effective date specified in section 3810, (A) the term 'possession of the United States' as used
in section 251 shall not include Puerto Rico, and (B) a citizen or resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States and without regard to the provisions of section 252.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to January 1, 1951) ending within or with his taxable year.

"(b) SELF-EMPLOYMENT INCOME.—The term 'self-employment income' means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after December 31, 1950; except that such term shall not include—

"(1) That part of the net earnings from self-employment which is in excess of: (A) $3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or

"(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.
For the purposes of clause (1) the term 'wages' includes remuneration paid to an employee if such remuneration is for services included under an agreement entered into pursuant to the provisions of section 218 of the Social Security Act (relating to coverage of State employees).

In the case of any taxable year beginning prior to the effective date specified in section 3810, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States or of the Virgin Islands during such taxable year shall be considered, for the purposes of this subchapter, as a non-resident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 3810) a resident of Puerto Rico shall not, for the purposes of this subchapter, be considered to be a nonresident alien individual.

"(c) TRADE OR BUSINESS.—The term 'trade or business', when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23, except that such term shall not include—

"(1) The performance of the functions of a public office;

"(2) The performance of service by an individual as an employee (other than service described in section
1. 1426 (b) (16) (B) performed by an individual who
2. has attained the age of eighteen);
3. “(3) The performance of service by an individual
4. as an employee or employee representative as defined
5. in section 1532;
6. “(4) The performance of service by a duly ordained,
7. commissioned, or licensed minister of a church in the
8. exercise of his ministry or by a member of a religious
9. order in the exercise of duties required by such order; or
10. “(5) The performance of service by an individual
11. in the exercise of his profession as a physician, lawyer,
12. dentist, osteopath, veterinarian, chiropractor, naturopath,
13. or optometrist, or as a Christian Science practitioner,
14. or as an architect, certified public accountant or other
15. accountants registered or licensed as an accountant under
16. State or municipal law, funeral director, or professional
17. engineer; or the performance of such service by a
18. partnership.
19. “(d) Employee and Wages.—The term ‘employee’
20. and the term ‘wages’ shall have the same meaning as when
21. used in subchapter A of chapter 9.
23. “(a) Returns.—Every individual (other than a non-
24. resident alien individual) having net earnings from self-

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employment of $400 or more for the taxable year shall make
a return containing such information for the purpose of
carrying out the provisions of this subchapter as the Com-
missioner, with the approval of the Secretary, may by
regulations prescribe. Such return shall be considered a
return required under section 51 (a). In the case of a
husband and wife filing a joint return under section 51
(b), the tax imposed by this subchapter shall not be computed
on the aggregate income but shall be the sum of the taxes
computed under this subchapter on the separate self-employ-
ment income of each spouse.

"(b) Title of Subchapter.—This subchapter may
be cited as the 'Self-Employment Contributions Act'.

"(c) Effective Date in Case of Puerto Rico.—
For effective date in case of Puerto Rico, see section 3810.

"(d) Collection of Taxes in Virgin Islands
and Puerto Rico.—For provisions relating to collection of
taxes in Virgin Islands and Puerto Rico, see section 3811."

(b) Chapter 38 of the Internal Revenue Code is
amended by adding at the end thereof the following new
sections:

"Sec. 3810. Effective Date in Case of Puerto Rico.

"If the Governor of Puerto Rico certifies to the Presi-
dent of the United States that the legislature of Puerto Rico
has, by concurrent resolution, resolved that it desires the
extension to Puerto Rico of the provisions of title II of the Social Security Act, the effective date referred to in sections 1426 (e), 481 (a) (7), and 481 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification.

"SEC. 3811. COLLECTION OF TAXES IN VIRGIN ISLANDS AND PUERTO RICO.

"Notwithstanding any other provision of law respecting taxation in the Virgin Islands or Puerto Rico, all taxes imposed by subchapter E of chapter 1 and by subchapter A of chapter 9 shall be collected by the Bureau of Internal Revenue under the direction of the Secretary and shall be paid into the Treasury of the United States as internal revenue collections.

"SEC. 3812. MITIGATION OF EFFECT OF STATUTE OF LIMITATIONS AND OTHER PROVISIONS IN CASE OF RELATED TAXES UNDER DIFFERENT CHAPTERS.

"(a) SELF-EMPLOYMENT TAX AND TAX ON WAGES.—In the case of the tax imposed by subchapter E of chapter 1 (relating to tax on self-employment income) and the tax imposed by section 1400 of subchapter A of chapter 9 (relating to tax on employees under the Federal Insurance Contributions Act)—
“(1) (i) if an amount is erroneously treated as self-employment income, or
“(ii) if an amount is erroneously treated as wages, and
“(2) if the correction of the error would require an assessment of one such tax and the refund or credit of the other tax, and
“(3) if at any time the correction of the error is authorized as to one such tax but is prevented as to the other tax by any law or rule of law (other than section 3761, relating to compromises), then if the correction authorized is made, the amount of the assessment, or the amount of the credit or refund, as the case may be, authorized as to the one tax shall be reduced by the amount of the credit or refund, or the amount of the assessment, as the case may be, which would be required with respect to such other tax for the correction of the error if such credit or refund, or such assessment, of such other tax were not prevented by any law or rule of law (other than section 3761, relating to compromises).

“(b) DEFINITIONS.—For the purposes of subsection (a) of this section, the terms ‘self-employment income’ and ‘wages’ shall have the same meaning as when used in section 481 (b).”

(c) Section 3801 of the Internal Revenue Code is
amended by adding at the end thereof the following new subsection:

"(g) TAXES IMPOSED BY CHAPTER 9.—The provisions of this section shall not be construed to apply to any tax imposed by chapter 9."

(d) (1) Section 3 of the Internal Revenue Code is amended by inserting at the end thereof the following:

"Subchapter E—Tax on Self-Employment Income (the Self-Employment Contributions Act), divided into sections."

(2) Section 12 (g) of the Internal Revenue Code is amended by inserting at the end thereof the following:

"(6) Tax on Self-Employment Income.—For tax on self-employment income, see subchapter E."

(3) Section 31 of the Internal Revenue Code is amended by inserting immediately after the words "the tax" the following: "(other than the tax imposed by subchapter E, relating to tax on self-employment income)"; and section 131 (a) of the Internal Revenue Code is amended by inserting immediately after the words "except the tax imposed under section 102" the following: "and except the tax imposed under subchapter E".

(4) Section 58 (b) (1) of the Internal Revenue Code is amended by inserting immediately after the words "withheld at source" the following: "and without regard to the tax imposed by subchapter E on self-employment income".
(5) Section 107 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsection:

"(e) Tax on Self-Employment Income.—This section shall be applied without regard to, and shall not affect, the tax imposed by subchapter E, relating to tax on self-employment income."

(6) Section 120 of the Internal Revenue Code is amended by inserting immediately after the words "amount of income" the following: "(determined without regard to subchapter E, relating to tax on self-employment income)."

(7) Section 161 (a) of the Internal Revenue Code is amended by inserting immediately after the words "The taxes imposed by this chapter" the following: "(other than the tax imposed by subchapter E, relating to tax on self-employment income)."

(8) Section 294 (d) of the Internal Revenue Code is amended by inserting at the end thereof the following new paragraph:

"(3) Tax on Self-Employment Income.—This subsection shall be applied without regard to the tax imposed by subchapter E, relating to tax on self-employment income."
Sec. 209. (a) (1) Section 1607 (b) of the Internal Revenue Code is amended to read as follows:

"(b) WAGES.—The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

"(1) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to $3,000 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer
has paid remuneration (other than remuneration referred
to in the succeeding paragraphs of this subsection) with
respect to employment equal to $3,000 to such individual
during such calendar year, any remuneration (other
than remuneration referred to in the succeeding para-
graphs of this subsection) with respect to employment
paid (or considered under this paragraph as having
been paid) to such individual by such predecessor during
such calendar year and prior to such acquisition shall be
considered as having been paid by such successor
employer;

"(2) The amount of any payment (including any
amount paid by an employer for insurance or annui-
ties, or into a fund, to provide for any such payment)
made to, or on behalf of, an employee or any of his de-
pendents under a plan or system established by an em-
ployer which makes provision for his employees gen-
erally (or for his employees generally and their de-
pendents) or for a class or classes of his employees (or
for a class or classes of his employees and their depend-
ents), on account of (A) retirement, or (B) sickness
or accident disability, or (C) medical or hospitalization
expenses in connection with sickness or accident disability,
or (D) death;

"(3) Any payment made to an employee (includ-
ing any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

"(4) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

"(5) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6);

"(6) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400, or (B) of any payment required from an employee under a State unemployment compensation law;

"(7) Any payment (other than vacation or sick
pay) made to an employee after the month in which he attains the age of sixty-five, if he did not work for the employer in the period for which such payment is made;

"(8) Dismissal payments which the employer is not legally required to make."

(2) The amendment made by paragraph (1) shall be applicable only with respect to remuneration paid after 1950. In the case of remuneration paid prior to 1951, the determination under section 1607 (b) (1) of the Internal Revenue Code (prior to its amendment by this Act) of whether or not such remuneration constituted wages shall be made as if paragraph (1) of this subsection had not been enacted and without inferences drawn from the fact that the amendment made by paragraph (1) is not made applicable to periods prior to 1951:

(3) Effective with respect to remuneration paid after December 31, 1951, section 1607 (b) of the Internal Revenue Code is amended by changing the semicolon at the end of paragraph (7) to a period and by striking out paragraph (8) thereof.

(b) (1) Section 1607 (c) (10) (A) (i) of the Internal Revenue Code is amended by striking out "does not exceed $45" and inserting in lieu thereof "is less than $50".
(2) Section 1607 (c) (10) (E) of the Internal Revenue Code is amended by striking out "in any calendar quarter" and by striking out ", and the remuneration for such service does not exceed $45 (exclusive of room, board, and tuition)".

(3) The amendments made by paragraphs (1) and (2) shall be applicable only with respect to service performed after 1950.

(c) (1) Paragraphs (3) and (4) of section 1621 (a) of the Internal Revenue Code are amended to read as follows:

"(3) (A) for domestic service in a private home, or

"(B) for domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university, or

"(4) for service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the
course of the employer’s trade or business, or (B) such
individual was regularly employed (as determined under
clause (A)) by such employer in the performance of
such service during the preceding calendar quarter, or”.

(2) Section 1621 (a) of the Internal Revenue Code
is amended by striking out paragraph (9) thereof and
inserting in lieu thereof the following:

“(9) for services performed by a duly ordained,
commissioned, or licensed minister of a church in the
exercise of his ministry or by a member of a religious
order in the exercise of duties required by such order, or

“(10) (A) for services performed by an indi­
vidual under the age of eighteen in the delivery or dis­
tribution of newspapers or shopping news, not including
delivery or distribution to any point for subsequent
delivery or distribution, or

“(B) for services performed by an individual in,
and at the time of, the sale of newspapers or magazines
to ultimate consumers, under an arrangement under
which the newspapers or magazines are to be sold by
him at a fixed price, his compensation being based on
the retention of the excess of such price over the
amount at which the newspapers or magazines are
charged to him, whether or not he is guaranteed a
minimum amount of compensation for such service, or
is entitled to be credited with the unsold newspapers
or magazines turned back, or

"(11) for services not in the course of the em-
ployer's trade or business, if paid in any medium other
than cash, or

"(12) to, or on behalf of, an employee or his bene-
iciary (A) from or to a trust exempt from tax under
section 165 (a) at the time of such payment unless such
payment is made to an employee of the trust as remunera-
tion for services rendered as such employee and not as a
beneficiary of the trust, or (B) under or to an annuity
plan which, at the time of such payment, meets the re-
quirements of section 165 (a) (3), (4), (5), and (6)."

(3) The amendments made by paragraphs (1) and
(2) shall be applicable only with respect to remuneration
paid after 1950.

(d) (1) Section 1631 of the Internal Revenue Code is
amended to read as follows:

"SEC. 1631. FAILURE OF EMPLOYER TO FILE RETURN.

"In case of a failure to make and file any return re-
quired under this chapter within the time prescribed by law
or prescribed by the Commissioner in pursuance of law,
unless it is shown that such failure is due to reasonable
cause and not to willful neglect, the addition to the tax or
taxes required to be shown on such return shall not be less
than $5."

(2) The amendment made by paragraph (1) shall be
applicable only with respect to returns required to be filed
after the date of enactment of this Act.

(e) If a corporation (hereinafter referred to as a prede­
cessor) incorporated under the laws of one State is suc­
ceeded after 1945 and before 1951 by another corporation
(hereinafter referred to as a successor) incorporated under
the laws of another State, and if immediately upon the suc­
cession the business of the successor is identical with that
of the predecessor and, except for qualifying shares, the
proportionate interest of each shareholder in the successor is
identical with his proportionate interest in the predecessor,
and if in connection with the succession the predecessor is
dissolved or merged into the successor, and if the predecessor
and the successor are employers under the Federal Insurance
Contributions Act and the Federal Unemployment Tax Act
in the calendar year in which the succession takes place, then—

(1) the predecessor and successor corporations,
for purposes only of the application of the $3,000
limitation in the definition of wages under such Acts,
shall be considered as one employer for such calendar
year, and

(2) the successor shall, subject to the applicable
statutes of limitations, be entitled to a credit or refund, without interest, of any tax under section 1410 of the Federal Insurance Contributions Act or section 1600 of the Federal Unemployment Tax Act (together with any interest or penalty thereon) paid with respect to remuneration paid by the successor during such calendar year which would not have been subject to tax under such Acts if the remuneration had been paid by the predecessor.

TITLE III—AMENDMENTS TO PUBLIC ASSISTANCE AND MATERNAL AND CHILD WELFARE PROVISIONS OF THE SOCIAL SECURITY ACT

PART 1—OLD-AGE ASSISTANCE

REQUIREMENTS OF STATE OLD-AGE ASSISTANCE PLANS

Sec. 301. (a) Clause (4) of subsection (a) of section 2 of the Social Security Act is amended to read: "(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for old-age assistance is denied or is not acted upon with reasonable promptness;".

(b) Such subsection is further amended by striking out "and" before clause (8) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses:
"(9) provide that all individuals wishing to make application for old-age assistance shall have opportunity to do so, and that old-age assistance shall be furnished with reasonable promptness to all eligible individuals; and (10) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions."

(c) The amendments made by subsections (a) and (b) shall take effect July 1, 1951.

COMPUTATION OF FEDERAL PORTION OF OLD-AGE ASSISTANCE

SEC. 302. (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 October 1, 1950, (1) an amount, which shall be used exclusively as old-age assistance, equal 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 $50—"
"(A) three-fourths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $20 multiplied by the total number of such individuals (other than those included in clause (C)) who received old-age assistance for such month; plus

"(B) one-half of the amount by which such expenditures (other than expenditures with respect to individuals included in clause (C)) exceed the maximum which may be counted under clause (A); plus

"(C) one-half of such expenditures with respect to individuals who become entitled to old-age insurance benefits under section 202 (a) after the first month following the month in which the Social Security Act Amendments of 1950 were enacted and who were not entitled to primary insurance benefits under such section as in effect prior to the enactment of such amendments; and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator 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."

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(b) The amendment made by subsection (a) shall take effect October 1, 1950.

DEFINITION OF OLD-AGE ASSISTANCE

SEC. 303. (a) Section 6 of the Social Security Act is amended to read as follows:

"DEFINITION

SEC. 6. For the purposes of this title, the term 'old-age assistance' means money payments to, or medical care in behalf of or any type of remedial care recognized under State law in behalf of, needy individuals who are sixty-five years of age or older, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof."

(b) The amendment made by subsection (a) shall take effect October 1, 1950, except that the exclusion of money payments to needy individuals described in clause (a) or (b) of section 6 of the Social Security Act as so amended shall, in the case of any of such individuals who are not patients in a public institution, be effective July 1, 1952.
PART 2—AID TO DEPENDENT CHILDREN

REQUIREMENTS OF STATE PLANS FOR AID TO DEPENDENT CHILDREN

Sec. 321. (a) Clause (4) of subsection (a) of section 402 of the Social Security Act is amended to read as follows: "(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to dependent children is denied or is not acted upon with reasonable promptness;".

(b) Such subsection is further amended by striking out “and” before clause (8) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses: “(9) provide, effective July 1, 1951, that all individuals wishing to make application for aid to dependent children shall have opportunity to do so, and that aid to dependent children shall be furnished with reasonable promptness to all eligible individuals; (10) effective July 1, 1952, provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to dependent children in respect of a child who has been deserted or abandoned by a parent; and (11) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is re-
ceiving old-age assistance under the State plan approved
under section 2 of this Act.”

(c) Effective July 1, 1952, clause (2) of subsection
(b) of section 402 of the Social Security Act is amended to
read as follows: “(2) who was born within one year
immediately preceding the application, if the parent or
other relative with whom the child is living has resided in the
State for one year immediately preceding the birth”.

(d) The amendment made by subsection (a) shall take
effect July 1, 1951; the amendments made by subsection (b)
shall take effect October 1, 1950.

COMPUTATION OF FEDERAL PORTION OF AID TO
DEPENDENT CHILDREN

SEC. 322. (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 Octo-
ber 1, 1950, (1) an amount, which shall be used exclusively
as aid to dependent children, equal to the sum of the follow-
ing 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 $20 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
cchild is living as exceeds $30—

"(A) three-fourths of such expenditures, not counting so much of the expenditures with respect to any
month as exceeds the product of $12 multiplied by the
total number of dependent children and other individuals
with respect to whom aid to dependent children is paid for
such month, plus

"(B) one-half of the amount by which such ex-
penditures exceed the maximum which may be counted
under clause (A);

and (2) an amount equal to one-half of the total of the
sums expended during such quarter as found necessary by
the Administrator 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 de-
pendent children, or both, and for no other purpose."

(b) The amendment made by subsection (a) shall take
effect October 1, 1950.
DEFINITION OF AID TO DEPENDENT CHILDREN

Sec. 323. (a) Section 406 of the Social Security Act is amended by striking out subsection (b) and inserting in lieu thereof the following:

"(b) The term 'aid to dependent children' means money payments with respect to, or medical care in behalf of or any type of remedial care recognized under State law in behalf of, a dependent child or dependent children, and includes money payments, or medical care or any type of remedial care recognized under State law for any month to meet the needs of the relative with whom any dependent child is living if money payments have been made under the State plan with respect to such child for such month;

"(c) The term 'relative with whom any dependent child is living' means the individual who is one of the relatives specified in subsection (a) and with whom such a child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home."

(b) The amendment made by subsection (a) shall take effect October 1, 1950."
PART 3—MATERNAL AND CHILD WELFARE

SEC. 331. (a) Section 501 of the Social Security Act is amended by striking out "$11,000,000" and inserting in lieu thereof "$20,000,000".

(b) Section 502 of the Social Security Act is amended by striking out "$5,500,000" wherever it appears and inserting in lieu thereof "$10,000,000" and by striking out "$35,000" and inserting in lieu thereof "$60,000".

(c) Section 511 of the Social Security Act is amended by striking out "$7,500,000" and inserting in lieu thereof "$15,000,000".

(d) Section 512 of the Social Security Act is amended by striking out "$3,750,000" wherever it appears and inserting in lieu thereof "$7,500,000" and by striking out "$30,000" and inserting in lieu thereof "$60,000".

(e) Section 521 (a) of the Social Security Act is amended by striking out "$3,500,000" and inserting in lieu thereof "$12,000,000", by striking out "$20,000" and inserting in lieu thereof "$40,000", by striking out in the second sentence "as the rural population of such State bears to the total rural population of the United States" and inserting in lieu thereof "as the rural population of such State"
under the age of eighteen bears to the total rural population of the United States under such age”, and by striking out the third sentence thereof and inserting in lieu of such sentence the following: “The amount so allotted shall be expended for payment of part of the cost of district, county, or other local child-welfare services in areas predominantly rural, for developing State services for the encouragement and assistance of adequate methods of community child-welfare organization in areas predominantly rural and other areas of special need, and for paying the cost of returning any run-away 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-care programs and arrangements in the States and local communities as may be authorized by the State.”

(f) The amendments made by the preceding subsections of this section shall be effective with respect to fiscal years beginning after June 30, 1950.

PART 4—AID TO THE BLIND

REQUIREMENTS OF STATE PLANS FOR AID TO THE BLIND

Sec. 341. (a) Clause (4) of subsection (a) of section 1002 of the Social Security Act is amended to read as
follows: "(4) provide for granting an opportunity for a fair
hearing before the State agency to any individual whose claim
for aid to the blind is denied or is not acted upon with reason-
able promptness;".

(b) Clause (7) of such subsection is amended to read
as follows:

"(7) provide that no aid will be furnished any
individual under the plan with respect to any period
with respect to which he is receiving old-age assistance
under the State plan approved under section 2 of this Act
or aid to dependent children under the State plan ap-
proved under section 402 of this Act;".

(c) (1) Effective for the period beginning October
1, 1950, and ending June 30, 1952, clause (8) of such sub-
section is amended to read as follows: "(8) provide that the
State agency shall, in determining need, take into considera-
tion any other income and resources of an individual claim-
ing aid to the blind; except that the State agency may,
in making such determination, disregard not to exceed $50
per month of earned income;".

(2) Effective July 1, 1952, such clause (8) is amended
to read as follows: "(8) provide that the State agency shall,
in determining need, take into consideration any other income
and resources of the individual claiming aid to the blind;
except that, in making such determination, the State agency
shall disregard the first $50 per month of earned income;”.

(d) Such subsection is further amended by striking
out “and” before clause (9) thereof, and by striking out the
period at the end of such subsection and inserting in lieu
thereof a semicolon and the following new clauses: “(10)
provide that, in determining whether an individual is blind,
there shall be an examination by a physician skilled in
diseases of the eye and, effective July 1, 1951, provide
that the services of optometrists within the scope of the
practice of optometry as prescribed by the laws of the
State shall be made available to the recipients thereof as well
as to the recipients of any grant-in-aid program for improve-
ment or conservation of vision; (11) effective July 1, 1951,
provide that all individuals wishing to make application for
aid to the blind shall have opportunity to do so, and that aid
to the blind shall be furnished with reasonable promptness
to all eligible individuals; and (12) effective July 1, 1953,
provide, if the plan includes payments to individuals in
private or public institutions, for the establishment or
designation of a State authority or authorities which shall
be responsible for establishing and maintaining standards for
such institutions.”

(e) The amendments made by subsections (b) and (d)
shall take effect October 1, 1950; and the amendment made by subsection (a) shall take effect July 1, 1951.

COMPUTATION OF FEDERAL PORTION OF AID TO THE BLIND

SEC. 342. (a) So much of section 1003 (a) of the Social Security Act as precedes clause (1) (A) thereof 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 October 1, 1950, (1) an amount, which shall be used exclusively as aid to the blind, equal 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 $50—"

(b) The amendment made by subsection (a) shall take effect October 1, 1950.

DEFINITION OF AID TO THE BLIND

SEC. 343. (a) Section 1006 of the Social Security Act is amended to read as follows:

"DEFINITION

"Sec. 1006. For the purposes of this title, the term 'aid to the blind' means money payments to, or medical care in
behalf of or any type of remedial care recognized under State law in behalf of, blind individuals who are needy, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof."

(b) The amendment made by subsection (a) shall take effect October 1, 1950, except that the exclusion of money payments to needy individuals described in clause (a) or (b) of section 1006 of the Social Security Act so amended shall, in the case of any of such individuals who are not patients in a public institution, be effective July 1, 1952.

APPROVAL OF CERTAIN STATE PLANS

Sec. 344. (a) In the case of any State (as defined in the Social Security Act) which did not have on January 1, 1949, a State plan for aid to the blind approved under title X of the Social Security Act, the Administrator shall approve a plan of such State for aid to the blind for the purposes of such title X, even though it does not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act, if it meets all other requirements of such title X for an approved plan for aid to the blind; but pay-
ments under section 1003 of the Social Security Act shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of such section under a plan approved under such title X without regard to the provisions of this section.

(b) The provisions of subsection (a) shall be effective only for the period beginning October 1, 1950.

PART 5—MISCELLANEOUS AMENDMENTS

SEC. 351. (a) Section 1 of the Social Security Act is amended by striking out “Social Security Board established by Title VII (hereinafter referred to as the ‘Board’)” and inserting in lieu thereof “Federal Security Administrator (hereinafter referred to as the ‘Administrator’”).

(b) Section 1001 of the Social Security Act is amended by striking out “Social Security Board” and inserting in lieu thereof “Administrator”.

(c) The following provisions of the Social Security Act are each amended by striking out “Board” and inserting in lieu thereof “Administrator”: Sections 2 (a) (5); 2 (a) (6); 2 (b); 3 (b); 4; 402 (a) (5); 402 (a) (6); 402 (b); 403 (b); 404; 702; 703; 1002 (a) (5); 1002 (a) (6); 1002 (b); 1003 (b); and 1004.

(d) The following provisions of the Social Security Act
are each amended by striking out (when they refer to the Social Security Board) "it" or "its" and inserting in lieu thereof "he", "him", or "his", as the context may require:

Sections 2 (b); 3 (b); 4; 402 (b); 403 (b); 404; 702; 703; 1002 (b); 1003 (b); and 1004.

(e) Title V of the Social Security Act is amended by striking out "Children's Bureau", "Chief of the Children's Bureau", "Secretary of Labor", and (in sections 503 (a) and 513 (a)) "Board" and inserting in lieu thereof "Administrator".

(f) The heading of title VII of the Social Security Act is amended to read "ADMINISTRATION".

TITLE IV—MISCELLANEOUS PROVISIONS

OFFICE OF COMMISSIONER FOR SOCIAL SECURITY

Sec. 401. (a) Section 701 of the Social Security Act is amended to read:

"OFFICE OF COMMISSIONER FOR SOCIAL SECURITY

"Sec. 701. There shall be in the Federal Security Agency a Commissioner for Social Security, appointed by the Administrator, who shall perform such functions relating to social security as the Administrator shall assign to him."

(b) Section 908 of the Social Security Act Amendments of 1939 is repealed.
REPORTS TO CONGRESS

Sec. 402. (a) Subsection (c) of section 541 of the Social Security Act is repealed.

(b) Section 704 of such Act is amended to read:

"REPORTS

"Sec. 704. The Administrator shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which he is charged under this Act. In addition to the number of copies of such report authorized by other law to be printed, there is hereby authorized to be printed not more than five thousand copies of such report for use by the Administrator for distribution to Members of Congress and to State and other public or private agencies or organizations participating in or concerned with the social security program."

AMENDMENTS TO TITLE XI OF THE SOCIAL SECURITY ACT

Sec. 403. (a) (1) Paragraph (6) of section 1101 (a) of the Social Security Act is amended to read as follows:

"(6) The term 'Administrator', except when the context otherwise requires, means the Federal Security Administrator."

(2) The amendment made by paragraph (1) of this subsection, insofar as it repeals the definition of "employee",
shall be effective only with respect to services performed after 1950.

(b) Effective October 1, 1950, section 1101 (a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) The terms 'physician' and 'medical care' and 'hospitalization' include osteopathic practitioners or the services of osteopathic practitioners and hospitals within the scope of their practice as defined by State law."

(c) Section 1102 of the Social Security Act is amended by striking out "Social Security Board" and inserting in lieu thereof "Federal Security Administrator".

(d) Section 1106 of the Social Security Act is amended to read as follows:

"DISCLOSURE OF INFORMATION IN POSSESSION OF AGENCY

Sec. 1106. Except as provided in section 205 (c), no disclosure of any return or portion of a return (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or under subchapter E of chapter 1 or subchapter A or E of chapter 9 of the Internal Revenue Code, or under regulations made under authority thereof, which has been transmitted to the Administrator by the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any
time by the Administrator or by any officer or employee of
the Federal Security Agency in the course of discharging the
duties of the Administrator under this Act, and no disclosure
of any such file, record, report, or other paper, or informa-
tion, obtained at any time by any person from the Adminis-
trator or from any officer or employee of the Federal Security
Agency, shall be made except as authorized by section 1108
and then only in accordance with such regulations as the
Administrator may prescribe. Any person who shall violate
any provision of this section shall be deemed guilty of a
misdemeanor and, upon conviction thereof, shall be punished
by a fine not exceeding $1,000, or by imprisonment not
exceeding one year, or both."

(e) Section 1107 (a) of the Social Security Act is
amended by striking out “the Federal Insurance Contribu-
tions Act, or the Federal Unemployment Tax Act,” and
inserting in lieu thereof the following: “subchapter E of
chapter 1 or subchapter A, C, or E of chapter 9 of the
Internal Revenue Code;”.

(f) Section 1107 (b) of the Social Security Act is
amended by striking out “Board” and inserting in lieu
thereof “Administrator”, and by striking out “wife, parent,
or child”, wherever appearing therein, and inserting in lieu
thereof “wife, husband, widow, widower, former wife di-
vorced, child, or parent”.

H. R. 6000—26
(g) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"FURNISHING OF WAGE RECORD AND OTHER INFORMATION

"Sec. 1108. (a) (1) The Administrator is authorized, at the request of any agency charged with the administration of a State unemployment compensation law (with respect to which such State is entitled to payments under section 302 (a) of this Act) and to the extent consistent with the efficient administration of this Act, to furnish to such agency, for use by it in the administration of such law or a State temporary disability insurance law administered by it, information from or pertaining to records, including account numbers, maintained by the Administrator in accordance with section 205 (c) of this Act.

"(2) At the request of any agency, person, or organization, the Administrator is authorized, to the extent consistent with efficient administration of this Act and subject to such conditions or limitations as he deems necessary, to conduct special statistical studies of, and compile special data with respect to, any matters related to the programs authorized by this Act and to furnish information resulting therefrom to any such agency, person, or organization.

"(b) Requests under subsection (a) shall be complied with only if the agency, person, or organization making the request agrees to make payment for the work or information
requested in such amount, if any (not exceeding the cost of
performing the work or furnishing the information), as may
be determined by the Administrator. Payments for work
performed or information furnished pursuant to this section
shall be made in advance or by way of reimbursement, as
may be requested by the Administrator, and shall be deposited
in the Treasury as a special deposit to be used to reimburse
the appropriations (including authorizations to make expendi­
tures from the Federal Old-Age and Survivors Insurance
Trust Fund) for the unit or units of the Federal Security
Agency which performed the work or furnished the infor­
mation.

"(c) No information shall be furnished pursuant to this
section in violation of section 1106 or regulations prescribed
thereunder."

ADVANCES TO STATE UNEMPLOYMENT FUNDS.

Sec. 404. (a) Section 1201 (a) of the Social Security
Act is amended by striking out “January 1, 1950” and
inserting in lieu thereof “January 1, 1952”.

(b) (1) Clause (2) of the second sentence of section 904
(h) of the Social Security Act is amended to read: “(2) the
excess of the taxes collected in each fiscal year beginning
after June 30, 1946, and ending prior to July 1, 1951,
under the Federal Unemployment Tax Act, over the un-
employment administrative expenditures made in such year,
and the excess of such taxes collected during the period
beginning on July 1, 1951, and ending on December 31, 1951, over the unemployment administrative expenditures made during such period.”

(2) The third sentence of section 904 (h) of the Social Security Act is amended by striking out “April 1, 1950” and inserting in lieu thereof “April 1, 1952”.

(c) The amendment made by subsections (a) and (b) of this section shall be effective as of January 1, 1950.

PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS

Sec. 405. (a) Section 1603 (c) of the Internal Revenue Code is amended (1) by striking out the phrase “changed its law” and inserting in lieu thereof “amended its law”, and (2) by adding before the period at the end thereof the following: “and such finding has become effective. Such finding shall become effective on the ninetieth day after the Governor of the State has been notified thereof unless the State has before such ninetieth day so amended its law that it will comply substantially with the Secretary’s interpretation of the provision of subsection (a), in which event such finding shall not become effective. No finding
of a failure to comply substantially with the provision in State law specified in paragraph (5) of subsection (a) shall be based on an application or interpretation of State law with respect to which further administrative or judicial review is provided for under the laws of the State”.

(b) Section 303 (b) of the Social Security Act is amended by inserting before the period at the end thereof the following: “: Provided, That there shall be no finding under clause (1) until the question of entitlement shall have been decided by the highest judicial authority given jurisdiction under such State law: Provided further, That any costs may be paid with respect to any claimant by a State and included as costs of administration of its law”.

SUSPENDING APPLICATION OF CERTAIN PROVISIONS OF CRIMINAL CODE TO CERTAIN PERSONS

Sec. 406. Service or employment of any person to assist the Senate Committee on Finance, or its duly authorized subcommittee, in the investigation ordered by S. Res. 300, agreed to June 20, 1950, shall not be considered as service or employment bringing such person within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or any other Federal law imposing restrictions, requirements,
or penalties in relation to the employment of persons, the
performance of services, or the payment or receipt of compensa-
tion in connection with any claim, proceeding, or matter
involving the United States.

Passed the House of Representatives October 5, 1949.
Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with an amendment June 20 (legis-
lative day, June 7), 1950.
Attest: LESLIE L. BIFFLE,
Secretary.
AN ACT

To extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

IN THE SENATE OF THE UNITED STATES
JUNE 20 (legislative day, JUNE 7), 1950
Ordered to be printed with the amendment of the Senate
The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6000. An act to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. George, Mr. Connally, Mr. Byrd, Mr. Millikin, and Mr. Taft to be the conferees on the part of the Senate.
The Speaker. Is there objection to the request of the gentleman from North Carolina?

Mr. Martin of Massachusetts. Mr. Speaker, reserving the right to object, I find in the bill as passed by the other body a resolution to investigate other methods of pensions, including the pay-as-you-go plan, which is the Townsend plan. That calls only for an investigation by the Senate. May I inquire of the gentleman from North Carolina if he has given any consideration to the idea of making the investigation include both branches?

Mr. Doughton. As far as I know that matter has not been considered by our committee.

Mr. Martin of Massachusetts. Does the gentleman think it would be advisable to have only a Senate investigation? If there is to be an investigation, I personally believe the House should have some part in it, too. We are all interested in pensions for the aged and the House must retain its leadership.

Mr. Doughton. If there is to be a general investigation, I can see no reason why the House should not take part in it. I like to discuss important matters with my committee before expressing myself definitely.

Mr. Martin of Massachusetts. I appreciate the position of the gentleman, and I am not trying to press him for a premature decision, but I repeat, the House should, in my opinion, participate in the inquiry even if the inquiries should be separate.

Mr. Doughton. As far as I am concerned, I am in accord with what the gentleman says, but I always defer to the members of my committee on important matters.

Mr. Martin of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

Mr. Marcantonio. Mr. Speaker, reserving the right to object, I understand the Senate has taken out the provision which the House inserted with reference to Puerto Rico. I hope the House will insist on the position of having Puerto Rico included in our social-security system. Not to do so will only mean an intensification of the discrimination that exists against Puerto Rico under the present colonial system.

The Speaker. Is there objection to the request of the gentleman from North Carolina? (After a pause.) The Chair hears none, and appoints the following conferees: Messrs. Doughton, Mills, Camp, Lynch, Reed of New York, Woodruff, and Jenkins.

SOCIAL SECURITY ACT OF 1950

Mr. Doughton. Mr. Speaker, I ask unanimous consent to take from the Speaker’s desk the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference with the Senate.
The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 6030) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Doughton, Mr. Mills, Mr. Camp, Mr. Lynch, Mr. Reed of New York, Mr. Woodruff, and Mr. Jenkins of Ohio were appointed managers on the part of the House at the conference.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT UNDER H. R. 6000 AS PASSED BY THE HOUSE OF REPRESENTATIVES AND AS PASSED BY THE SENATE

JUNE 21, 1950

Prepared for the use of the Committee on Ways and Means by Robert J. Myers, Actuary to the Committee
COMPARISON OF PRINCIPAL CHANGES IN THE OLD-AGE AND SURVIVORS INSURANCE SYSTEM
MADE BY H. R. 6000

(Note.—All changes effective on January 1, 1950, under bill as passed by House, and on January 1, 1951, for coverage changes and for second month following month of enactment for benefit changes under bill as passed by Senate, unless otherwise noted)

(1) Old-Age and Survivors Benefits Payable to—

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY HOUSE</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY SENATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Insured worker, age 65 or over.</td>
<td>No change.</td>
<td>No change.</td>
</tr>
<tr>
<td>(b) Wife, age 65 or over, of insured worker.</td>
<td>No change in age requirement other than that no age requirement if children under 18 are present.</td>
<td>No change from existing law, except benefits provided for dependent husbands, age 65 or over.</td>
</tr>
<tr>
<td>(c) Widow, age 65 or over, of insured worker.</td>
<td>Certain dependency and relationship requirements liberalized, especially in regard to dependency on married insured women.</td>
<td>No change, except benefits provided for dependent widowers, age 65 or over.</td>
</tr>
<tr>
<td>(d) Children (under 18) of retired worker, and children of deceased worker and their mother regardless of her age.</td>
<td>No change.</td>
<td>Same as House bill, except provisions as to dependency on married women further liberalized.</td>
</tr>
<tr>
<td>(e) Dependent parents, age 65 or over, of deceased worker if no surviving widow or child who could have received benefits.</td>
<td>No change.</td>
<td>No change.</td>
</tr>
<tr>
<td>(f) Lump-sum death payment where no monthly benefits immediately payable.</td>
<td>Lump-sum for all insured deaths.</td>
<td>Same as existing law, except special provision where monthly benefits paid in first year are less than lump-sum.</td>
</tr>
</tbody>
</table>

(b) Fully insured (eligible for all benefits) requires one quarter of coverage for each two quarters after 1936 and before age 65 (or death if earlier). In no case more than 40 quarters of coverage required.

(c) Currently insured (eligible only for child, widowed mother, and lump-sum survivor benefits) requires 6 quarters of coverage out of 13 quarters preceding death.

(2) Insured Status

After effective date, $100 of wages and $200 of self-employment income required for quarter of coverage. Special provision for converting annual self-employment income into quarters of coverage. Alternative requirement provided; namely, 20 quarters of coverage out of 40 quarters preceding death, or age 65 or any later date.

No change.

Same as House bill, except only $50 of wages and $100 of self-employment income required for quarter of coverage.

Same as present law, except "new start" provides that such quarters of coverage (acquired after 1936) must at least equal half the quarters after 1950. Thus all now age 62 or over need have only six quarters of coverage. Not applicable for deaths prior to effective date.

No change.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

(3) Worker's Monthly Old-Age Benefit (Called "Primary Amount")

EXISTING LAW

(a) Average monthly wage based on period from 1937 to age 65 (or death if earlier) regardless of whether in covered employment in all such years. A year of coverage is a calendar year in which $200 is credited.

(b) Monthly amount is 40 percent of first $50 of average wage plus 10 percent of next $200, all increased by 1 percent for each year of coverage.

CHANGES IN H. R. 6000 AS PASSED BY HOUSE

Average monthly wage based on average over years of coverage (after either 1936 or 1949, whichever is higher). A year of coverage is a calendar year in which $400 is credited ($200 prior to 1950).

Monthly amount is 50 percent of first $100 of average wage plus 10 percent of next $200, increased by ½ percent for each year of coverage, and unless in covered employment in entire period reduced by percentage of time out of covered employment since 1936 or 1949, whichever gives smaller reduction. Benefits of present beneficiaries increased by conversion table which gives effect to new benefit formula and new average wage concept; on the average, benefits will be increased by 70 percent, with somewhat greater relative increases for those receiving smallest amounts, as indicated by following table for certain illustrative cases:

<table>
<thead>
<tr>
<th>Present primary insurance benefit</th>
<th>New primary insurance amount</th>
<th>New primary insurance amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>$25</td>
<td>$20</td>
</tr>
<tr>
<td>15</td>
<td>31</td>
<td>31</td>
</tr>
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<td>20</td>
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<td>48</td>
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<td>30</td>
<td>51</td>
<td>56</td>
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<tr>
<td>35</td>
<td>55</td>
<td>62</td>
</tr>
<tr>
<td>40</td>
<td>60</td>
<td>68</td>
</tr>
<tr>
<td>45</td>
<td>64</td>
<td>72</td>
</tr>
</tbody>
</table>

(c) Minimum primary benefit, $10.

(d) Maximum family benefit, $85 or 80 percent of average wage if less.

CHANGES IN H. R. 6000 AS PASSED BY SENATE

Same as existing law, except "new start" average beginning after 1950 may be used for those with 6 quarters of coverage after 1950. For those with "new start" average wage, monthly amount is 50 percent of first $100 of average wage plus 15 percent of next $200. For all others (including present beneficiaries, and for those with "new start" if it produces a larger benefit) the benefit is computed under existing law (but with no 1 percent increase for years after 1950) and then increased by conversion table; benefits will be increased on the average by 85-90 percent, as indicated by following table for certain illustrative cases:

<table>
<thead>
<tr>
<th>New primary insurance amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25, unless average monthly wage is less than $34—then $20.</td>
</tr>
</tbody>
</table>

Same as House bill.

(e) Illustrative primary benefits for 10 years of coverage, no period of noncoverage:

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$27.50</td>
<td>$52.50</td>
<td>$50.00</td>
</tr>
<tr>
<td>$150</td>
<td>$33.00</td>
<td>$57.80</td>
<td>$57.50</td>
</tr>
<tr>
<td>$200</td>
<td>$38.50</td>
<td>$63.00</td>
<td>$65.00</td>
</tr>
<tr>
<td>$250</td>
<td>$44.00</td>
<td>$68.30</td>
<td>$72.50</td>
</tr>
<tr>
<td>$300</td>
<td>$44.00</td>
<td>$73.50</td>
<td>$80.00</td>
</tr>
</tbody>
</table>
(f) Illustrative primary benefits for 40 years of coverage, no periods of noncoverage.

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.</td>
<td>$35.00</td>
<td>$60.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>$150.</td>
<td>42.00</td>
<td>65.00</td>
<td>57.00</td>
</tr>
<tr>
<td>$200.</td>
<td>49.00</td>
<td>72.00</td>
<td>65.00</td>
</tr>
<tr>
<td>$250.</td>
<td>56.00</td>
<td>78.00</td>
<td>72.50</td>
</tr>
<tr>
<td>$300.</td>
<td>56.00</td>
<td>84.00</td>
<td>80.00</td>
</tr>
</tbody>
</table>

(g) Illustrative primary benefits for 5 years of coverage, 5 years of noncoverage, all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.</td>
<td>$21.00</td>
<td>$26.30</td>
<td>$25.00</td>
</tr>
<tr>
<td>$150.</td>
<td>23.63</td>
<td>28.90</td>
<td>37.50</td>
</tr>
<tr>
<td>$200.</td>
<td>26.25</td>
<td>31.50</td>
<td>50.00</td>
</tr>
<tr>
<td>$250.</td>
<td>28.88</td>
<td>34.20</td>
<td>53.50</td>
</tr>
<tr>
<td>$300.</td>
<td>31.50</td>
<td>36.80</td>
<td>57.50</td>
</tr>
</tbody>
</table>

(h) Illustrative primary benefits for 20 years of coverage, 20 years of noncoverage all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.</td>
<td>$24.00</td>
<td>$30.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>$150.</td>
<td>27.00</td>
<td>33.00</td>
<td>37.50</td>
</tr>
<tr>
<td>$200.</td>
<td>30.00</td>
<td>36.00</td>
<td>50.00</td>
</tr>
<tr>
<td>$250.</td>
<td>33.00</td>
<td>39.00</td>
<td>53.50</td>
</tr>
<tr>
<td>$300.</td>
<td>33.00</td>
<td>42.00</td>
<td>57.50</td>
</tr>
</tbody>
</table>

(i) Illustrative primary benefits for 10 years of coverage, 30 years of noncoverage, all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.</td>
<td>$11.00</td>
<td>$25.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>$150.</td>
<td>16.50</td>
<td>25.00</td>
<td>25.00</td>
</tr>
<tr>
<td>$200.</td>
<td>22.00</td>
<td>25.00</td>
<td>25.00</td>
</tr>
<tr>
<td>$250.</td>
<td>23.38</td>
<td>25.00</td>
<td>31.30</td>
</tr>
<tr>
<td>$300.</td>
<td>23.38</td>
<td>25.00</td>
<td>37.50</td>
</tr>
</tbody>
</table>
### Summary of Principal Changes in the Social Security Act

#### (4) Benefit Amounts of Dependents and Survivors Relative to Worker's Monthly Primary Benefit

**Existing Law**

| (a) Wife | one-half of primary | No change. |
| (b) Widow | three-quarters of primary | No change. |
| (c) Child | one-half of primary | No change, except for deceased worker family, first child gets three-quarters of primary. |
| (d) Parent | one-half of primary | Three-quarters of primary. |
| (e) Lump sum at death | six times primary benefit | Three times primary benefit. |

**Changes in H. R. 5600 as Passed by House**

| (a) Wife | one-half of primary | No change. |
| (b) Widow | three-quarters of primary | No change. |
| (c) Child | one-half of primary | Same as House bill. |
| (d) Parent | one-half of primary | Same as existing law. |
| (e) Lump sum at death | six times primary benefit | Same as House bill. |

**Changes in H. R. 5600 as Passed by Senate**

- **(a) Wife, one-half of primary.** No change.
- **(b) Widow, three-quarters of primary.** No change.
- **(c) Child, one-half of primary.** Same as House bill.
- **(d) Parent, one-half of primary.** Same as existing law.
- **(e) Lump sum at death, six times primary benefit.** Same as House bill.

【Illustrative monthly benefits for retired workers:】

<table>
<thead>
<tr>
<th>Average monthly wage</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single</td>
<td>Married</td>
<td>Single</td>
</tr>
<tr>
<td>$50</td>
<td>$21</td>
<td>$22</td>
<td>$26</td>
</tr>
<tr>
<td>$100</td>
<td>26</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>$150</td>
<td>32</td>
<td>32</td>
<td>47</td>
</tr>
<tr>
<td>$200</td>
<td>37</td>
<td>37</td>
<td>55</td>
</tr>
<tr>
<td>$250</td>
<td>42</td>
<td>42</td>
<td>63</td>
</tr>
<tr>
<td>$300</td>
<td>42</td>
<td>42</td>
<td>63</td>
</tr>
</tbody>
</table>

**Insured worker covered for 5 years**

| $500                  | $26    | $26     | $26    | $26     | $26    | $26     |
| $1000                 | 35     | 35      | 40     | 40      | 40     | 40      |
| $1500                 | 42     | 42      | 63     | 63      | 63     | 63      |
| $2000                 | 49     | 49      | 74     | 74      | 74     | 74      |
| $2500                 | 56     | 56      | 84     | 84      | 84     | 84      |
| $3000                 | 66     | 66      | 108    | 108     | 108    | 108     |

**Insured worker covered for 40 years**

| $50                  | $28    | $28     | $28    | $28     | $28    | $28     |
| $100                 | 35     | 35      | 40     | 40      | 40     | 40      |
| $150                 | 42     | 42      | 63     | 63      | 63     | 63      |
| $200                 | 49     | 49      | 74     | 74      | 74     | 74      |
| $250                 | 56     | 56      | 84     | 84      | 84     | 84      |
| $300                 | 66     | 66      | 108    | 108     | 108    | 108     |

| $500                  | $28    | $28     | $28    | $28     | $28    | $28     |
| $1000                 | 35     | 35      | 40     | 40      | 40     | 40      |
| $1500                 | 42     | 42      | 63     | 63      | 63     | 63      |
| $2000                 | 49     | 49      | 74     | 74      | 74     | 74      |
| $2500                 | 56     | 56      | 84     | 84      | 84     | 84      |
| $3000                 | 66     | 66      | 108    | 108     | 108    | 108     |

**Note:** "Average wage" is computed differently under the three plans (see text). These figures are based on the assumption that the insured worker was in covered employment steadily each year after 1950.

---

1. With wife 65 or over.
### Table: Illustrative Monthly Benefits for Survivors of Insured Workers

#### Table: Average Monthly Benefits for Survivors of Insured Workers

<table>
<thead>
<tr>
<th>Average monthly wage</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Widow and 1 child</td>
<td>Widow and 2 children</td>
<td>Widow and 3 children</td>
<td>Widow and 1 child</td>
<td>Widow and 2 children</td>
<td>Widow and 3 children</td>
<td>Widow and 1 child</td>
<td>Widow and 2 children</td>
<td>Widow and 3 children</td>
</tr>
<tr>
<td>$50.00</td>
<td>$26</td>
<td>$38</td>
<td>$38</td>
<td>$37</td>
<td>$40</td>
<td>$40</td>
<td>$40</td>
<td>$40</td>
<td>$40</td>
</tr>
<tr>
<td>$100.00</td>
<td>33</td>
<td>77</td>
<td>75</td>
<td>46</td>
<td>80</td>
<td>80</td>
<td>52</td>
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<td>80</td>
</tr>
<tr>
<td>$150.00</td>
<td>39</td>
<td>85</td>
<td>86</td>
<td>55</td>
<td>113</td>
<td>115</td>
<td>63</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>$200.00</td>
<td>46</td>
<td>92</td>
<td>98</td>
<td>64</td>
<td>123</td>
<td>130</td>
<td>74</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>$250.00</td>
<td>52</td>
<td>100</td>
<td>109</td>
<td>74</td>
<td>133</td>
<td>145</td>
<td>84</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>$300.00</td>
<td>52</td>
<td>108</td>
<td>120</td>
<td>74</td>
<td>144</td>
<td>150</td>
<td>84</td>
<td>150</td>
<td>150</td>
</tr>
</tbody>
</table>

**Insured worker covered for 5 years**

<table>
<thead>
<tr>
<th></th>
<th>1 child alone</th>
<th>2 children alone</th>
<th>Aged widow 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50.00</td>
<td>$10</td>
<td>$19</td>
<td>$19</td>
</tr>
<tr>
<td>$100.00</td>
<td>13</td>
<td>28</td>
<td>38</td>
</tr>
<tr>
<td>$150.00</td>
<td>16</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>$200.00</td>
<td>18</td>
<td>46</td>
<td>49</td>
</tr>
<tr>
<td>$250.00</td>
<td>21</td>
<td>50</td>
<td>54</td>
</tr>
<tr>
<td>$300.00</td>
<td>21</td>
<td>54</td>
<td>60</td>
</tr>
</tbody>
</table>

**Insured worker covered for 40 years**

<table>
<thead>
<tr>
<th></th>
<th>1 child alone</th>
<th>2 children alone</th>
<th>Aged widow 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50.00</td>
<td>$35</td>
<td>$40</td>
<td>$38</td>
</tr>
<tr>
<td>$100.00</td>
<td>44</td>
<td>80</td>
<td>75</td>
</tr>
<tr>
<td>$150.00</td>
<td>52</td>
<td>90</td>
<td>86</td>
</tr>
<tr>
<td>$200.00</td>
<td>61</td>
<td>108</td>
<td>98</td>
</tr>
<tr>
<td>$250.00</td>
<td>70</td>
<td>117</td>
<td>109</td>
</tr>
<tr>
<td>$300.00</td>
<td>70</td>
<td>126</td>
<td>120</td>
</tr>
</tbody>
</table>

1 Age 65 or over.

Note.-"Average wage" is computed differently under the three plans (see text). These figures are based on the assumption that the insured worker was in covered employment steadily each year after 1950.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

(5) AMOUNT OF EMPLOYMENT PERMITTED BENEFICIARY FOR BENEFIT RECEIPT (WORK CLAUSE)

EXISTING LAW

No benefits paid for month in which $15 or more earned in covered employment.

CHANGES IN H. R. 6000 AS PASSED BY HOUSE

Same except $15 limit is increased to $50 and no limitation at all after age 75.

CHANGES IN H. R. 6000 AS PASSED BY SENATE

Same as House bill.

(6) COVERED EMPLOYMENT

All except self-employment and employment in Federal and State Governments, railroads, nonprofit (charitable, educational, and religious), agriculture, and domestic service. Employment covered only in the 48 States, District of Columbia, Alaska, and Hawaii, and on American ships outside the United States.

All except employment on railroads, farms (including self-employment), casual domestic work, military or naval service, certain professional self-employed, and in Federal civilian service where covered by retirement system or in very temporary or casual employment. State employment included on elective basis by the State, except where retirement system exists, employees and beneficiaries must elect by two-thirds majority in referendum to be covered. Employment in Puerto Rico and the Virgin Islands included, and also all employment of Americans outside the United States by an American employer. Coverage extended to salesmen, and certain other employees, who were deprived of coverage as employees by Public Law 642, Eightieth Congress.

Same as House bill except:

(a) Regularly employed farm workers covered;

(b) Exemption from coverage as professional self-employed, extended to architects, naturopaths, certified and registered public accountants, funeral directors, and all professional engineers (instead of certain named ones), while publishers are covered;

(c) Coverage to regularly employed domestic servants based on 24 days of work during a quarter (instead of 26 days as in House bill);

(d) Coverage of nonprofit employees on compulsory basis for nonreligious organizations and on completely voluntary basis for religious organizations (rather than compulsory on all employees and voluntary for all employers as in the House bill);

(e) Coverage of Federal civilian employees not covered by a retirement system clarified;

(f) Coverage not permitted for State and local employees covered by an existing retirement plan, and compulsory coverage for certain transit workers in public systems on broader basis than in House bill;

(g) Definition of "employee" restricted to strict common law basis except for following named occupational groups covered as "employees": full-time life insurance salesmen; agent-drivers distributing meat products, bakery products or laundry or dry cleaning services; and full-time wholesale salesmen;

(h) Tips not included as wages as in existing law, although included as wages in House bill in certain cases.

(7) PERMANENT AND TOTAL DISABILITY BENEFITS

None.

For worker both currently insured and having 20 quarters of coverage out of last 10 years. Amount of primary benefit determined as for retired worker. No benefit for dependents of disabled worker. Benefits begin in January 1951.

None.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

(8) Wage Credits for World War II Service

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY HOUSE</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY SENATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>None.</td>
<td>World War II veterans (including those who died in service) given wage credits of $160 for each month of military service in World War II.</td>
<td>Same as House bill except that credit not given if service is used for any other Federal retirement system and except that additional cost is to be borne by trust fund (instead of by general Treasury as in House bill).</td>
</tr>
</tbody>
</table>

(9) Maximum Annual Wage and Self-Employment Income for Tax and Benefit Purposes

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY HOUSE</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY SENATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000.</td>
<td>$3,600 after 1949.</td>
<td>$3,600 after 1950.</td>
</tr>
</tbody>
</table>

(10) Tax (or Contribution) Rates

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY HOUSE</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY SENATE</th>
</tr>
</thead>
</table>
| One percent on employer and 1 percent on employee through 1949, 1½ percent for 1950–51, and 2 percent thereafter. | One and one-half percent on employer and 1½ percent on employee for 1950, 2 percent for 1951–59, 2½ percent for 1960–64, 3 percent for 1965–69, and 3½ percent thereafter, except—
(a) For self-employed, one and one-half times rates for employees. Self-employment income would be, in general, income from trade or business;
(b) For nonprofit employment, no tax is imposed on employer who can pay it voluntarily. If employer does not pay tax, employee receives credit for only 50 percent of his taxed wages. | Same as House bill, except that increase to 2 percent is in 1956 instead of 1951 and except that nonprofit employment when covered is on same basis as all other employment. |

(11) Appropriations from General Revenues

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY HOUSE</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY SENATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations authorized for such sums as may be required to finance the program.</td>
<td>Provision in existing law repealed.</td>
<td>Same as House bill;</td>
</tr>
</tbody>
</table>

(12) Combined Withholding of Income and Employee Social Security Taxes

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY HOUSE</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY SENATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>No provision.</td>
<td>No provision.</td>
<td>Single combined withholding of income tax and employee social security tax applicable generally in those cases in which wages paid to the employee are subject to withholding for both classes of taxes. If the employee's wages are not subject to withholding for income tax purposes—such as in the case of wages paid for domestic services in a private home—combined withholding will not apply.</td>
</tr>
</tbody>
</table>
COMPARISON OF PRINCIPAL CHANGES IN STATE-FEDERAL PUBLIC ASSISTANCE AND CHILD HEALTH AND WELFARE SERVICE PROGRAMS MADE BY H. R. 6000

(Note.—All changes effective October 1, 1949, under bill as passed by House, and on October 1, 1950, under bill as passed by Senate, unless otherwise noted)

I. Groups Eligible for Aid

EXISTING LAW

Three categories defined for assistance purposes as needy persons—(1) 65 years of age and over, (2) blind, and (3) children under 16 years of age and children 16 to 18 years of age, if they are regularly attending school.

CHANGES IN H. R. 6000 AS PASSED BY HOUSE

Fourth category provided for permanently and totally disabled individuals who are in need. For aid to dependent children the mother or other relative with whom a dependent child is living is included as a recipient for Federal matching purposes.

CHANGES IN H. R. 6000 AS PASSED BY SENATE

Same as House bill except fourth category (aid to disabled) not provided for.

II. Federal Share of Public Assistance Expenditures

Federal share for old-age assistance and aid to blind is three-fourths of first $20 of a State's average monthly payment plus one-half of the remainder within individual maximums of $50; for aid to dependent children, three-fourths of the first $12 of the average monthly payment per child, plus one-half the remainder within individual maximums of $27 for the first child and $18 for each additional child in a family. Administrative costs shared 50 percent by Federal Government and 50 percent by States.

Federal share for old-age assistance, aid to the blind, and aid to the permanently and totally disabled is four-fifths of the first $25 of a State's average monthly payment, plus one-half of the next $10, plus one-third of the remainder within individual maximums of $50; for aid to dependent children, four-fifths of the first $15 of the average monthly payment per recipient, plus one-half of the next $6, plus one-third of the next $6 within individual maximums of $27 for the relative with whom the children are living, $27 for the first child, and $18 for each additional child in a family. (See tables below for illustrations of the effect of these changes.) Administrative costs shared 50 percent by Federal Government and 50 percent by States for all categories.

Old-age assistance and aid to the blind. Amount and percent of Federal funds in average monthly payments of specified size under present law and under H. R. 6000

<table>
<thead>
<tr>
<th>Average monthly payment 1</th>
<th>Present law and Senate bill</th>
<th>House bill 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal funds</td>
<td>Percent of total</td>
</tr>
<tr>
<td>$20</td>
<td>$15.00</td>
<td>75</td>
</tr>
<tr>
<td>$25</td>
<td>17.50</td>
<td>70</td>
</tr>
<tr>
<td>$30</td>
<td>20.00</td>
<td>67</td>
</tr>
<tr>
<td>$35</td>
<td>22.50</td>
<td>64</td>
</tr>
<tr>
<td>$40</td>
<td>25.00</td>
<td>62</td>
</tr>
<tr>
<td>$45</td>
<td>27.50</td>
<td>61</td>
</tr>
<tr>
<td>$50</td>
<td>30.00</td>
<td>60</td>
</tr>
<tr>
<td>$55</td>
<td>30.00</td>
<td>55</td>
</tr>
<tr>
<td>$60</td>
<td>30.00</td>
<td>45</td>
</tr>
<tr>
<td>$70</td>
<td>30.00</td>
<td>40</td>
</tr>
</tbody>
</table>

1 Average for Federal matching purposes includes all payments of $50 or less, and in the case of larger payments only the first $50.
2 Also applies to permanently and totally disabled.
Old-age assistance and aid to the blind: Amount to which average monthly payments of specified size under present provisions could be increased under H. R. 6000, assuming the same average expenditure per recipient from State and local funds

<table>
<thead>
<tr>
<th>Average monthly payments.(^2)</th>
<th>Federal funds</th>
<th>State and local funds</th>
<th>Average monthly payments.(^2)</th>
<th>Federal funds</th>
<th>State and local funds</th>
<th>Increase in Federal funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20</td>
<td>$15.00</td>
<td>$5.00</td>
<td>$25.00</td>
<td>$20.00</td>
<td>$5.00</td>
<td>$5.00</td>
</tr>
<tr>
<td>$25</td>
<td>17.50</td>
<td>7.50</td>
<td>30.00</td>
<td>22.50</td>
<td>7.50</td>
<td>5.00</td>
</tr>
<tr>
<td>$30</td>
<td>20.00</td>
<td>10.00</td>
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<td>$35</td>
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<td>17.50</td>
<td>46.25</td>
<td>28.75</td>
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<td>1.25</td>
</tr>
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<td>30.00</td>
<td>20.00</td>
<td>50.00</td>
<td>30.00</td>
<td>20.00</td>
<td>10.00</td>
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<tr>
<td>$55</td>
<td>30.00</td>
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</tr>
<tr>
<td>$60</td>
<td>30.00</td>
<td>40.00</td>
<td>60.00</td>
<td>30.00</td>
<td>40.00</td>
<td>20.00</td>
</tr>
<tr>
<td>$65</td>
<td>30.00</td>
<td>42.50</td>
<td>62.50</td>
<td>32.50</td>
<td>22.50</td>
<td>20.00</td>
</tr>
<tr>
<td>$70</td>
<td>30.00</td>
<td>45.00</td>
<td>67.50</td>
<td>35.00</td>
<td>47.50</td>
<td>12.50</td>
</tr>
</tbody>
</table>

\(^1\) Also applies to permanently and totally disabled.
\(^2\) Average for Federal matching purposes includes all payments of $50 or less, and in the case of larger payments only the first $50.

Aid to dependent children: Amount and percent of Federal funds in average monthly payments to families of specified size, under present law and under H. R. 6000

<table>
<thead>
<tr>
<th>Average monthly payments (^1)</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal funds</td>
<td>Percent of total</td>
<td>Federal funds</td>
</tr>
<tr>
<td>1-child family</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25</td>
<td>$15.50</td>
<td>62</td>
<td>$20.00</td>
</tr>
<tr>
<td>$35</td>
<td>16.50</td>
<td>67</td>
<td>21.00</td>
</tr>
<tr>
<td>$45</td>
<td>18.00</td>
<td>75</td>
<td>22.50</td>
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</tr>
<tr>
<td>$90</td>
<td>20.00</td>
<td>80</td>
<td>25.00</td>
</tr>
</tbody>
</table>

3-child family

| $25 | $18.75 | 75 | $20.00 | 80 | $18.75 | 75 |
| $35 | 21.25 | 75 | 23.75 | 80 | 26.25 | 75 |
| $45 | 24.00 | 80 | 27.50 | 80 | 33.00 | 75 |
| $55 | 27.00 | 80 | 30.00 | 80 | 39.00 | 75 |
| $75 | 30.00 | 80 | 33.00 | 80 | 45.00 | 75 |
| $90 | 33.00 | 80 | 36.00 | 80 | 51.00 | 75 |

\(^1\) Average for Federal matching purposes includes all payments within the maximums for families of specified size, and in the case of larger payments, the amounts of such maximums.
### SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

**Aid to dependent children:** Amount to which average monthly payments to families of specified size under present provisions could be increased under H. R. 6000 assuming the same average expenditure per family from State and local funds.

<table>
<thead>
<tr>
<th>Average monthly payments</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal funds</td>
<td>State and local funds</td>
<td>Federal funds</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1-child family</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25</td>
<td>$15.50</td>
<td>$9.50</td>
<td>$37.00</td>
</tr>
<tr>
<td>$35</td>
<td>16.50</td>
<td>18.50</td>
<td>51.75</td>
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<td>$45</td>
<td>16.50</td>
<td>28.50</td>
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<td>$55</td>
<td>16.50</td>
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<td>16.50</td>
<td>48.50</td>
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<tr>
<td>$75</td>
<td>16.50</td>
<td>58.50</td>
<td>92.50</td>
</tr>
<tr>
<td><strong>3-child family</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25</td>
<td>$18.75</td>
<td>$6.25</td>
<td>$31.25</td>
</tr>
<tr>
<td>$35</td>
<td>26.25</td>
<td>8.75</td>
<td>43.75</td>
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<td>31.50</td>
<td>13.50</td>
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<td>$55</td>
<td>36.50</td>
<td>18.50</td>
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<tr>
<td>$110</td>
<td>40.50</td>
<td>69.50</td>
<td>136.50</td>
</tr>
</tbody>
</table>

1 Average for Federal matching purposes includes all payments within the maximums for families of specified size, and in the case of large payments, the amounts of such maximums.

### III. Medical Care

**EXISTING LAW**

Federal sharing in costs of medical care limited to amounts paid to recipients that can be included within the monthly maximums on individual payments of $50 for aged and blind, and $27 for first child and $18 for each additional child in an aid-to-dependent-children family. No State-Federal assistance provided persons in public institutions unless they are receiving temporary medical care in such institutions.

**CHANGES IN H. R. 6000 AS PASSED BY HOUSE**

Federal Government will share in cost of payments made directly to medical practitioners and other suppliers of medical services, which when added to any money paid to the individual, does not exceed the monthly maximums specified in item II above. Federal Government shares in the cost of payments to recipients of old-age assistance, aid to the blind, and aid to the permanently and totally disabled living in public medical institutions other than those for mental disease and tuberculosis.

**CHANGES IN H. R. 6000 AS PASSED BY SENATE**

Same as House bill, except no plan for aid to disabled provided.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

IV. Changes in Requirements for State Public-Assistance Plans

A. Residence

EXISTING LAW

For old-age assistance and aid to the blind, a State may not require, as a condition of eligibility, residence in a State for more than 5 of the 9 years immediately preceding application and one continuous year before filing the application. For aid to dependent children, the maximum requirement for the child is 1 year of residence immediately preceding application, or if the child is less than a year old, birth in the State and continuous residence by the mother in the State for 1 year preceding the birth.

CHANGES IN H. R. 6000 AS PASSED BY HOUSE

No change in requirements for old-age assistance and aid to dependent children. For aid to the blind, effective July 1, 1951, a State may not require, as a condition of eligibility, residence in the State of more than one continuous year prior to filing of the application. For aid to the permanently and totally disabled no State may impose a residence requirement more restrictive than that in its plan for aid to the blind on July 1, 1949, and beginning July 1, 1951, the maximum residence requirement is 1 year immediately preceding the application for aid. (All other requirements for aid to the permanently and totally disabled are the same as for old-age assistance.)

CHANGES IN H. R. 6000 AS PASSED BY SENATE

Same as existing law.

B. Income and Resources

For the three categories a State must, in determining need, take into consideration the income and resources of an individual claiming assistance.

Provision in existing law is made applicable to aid to the permanently and totally disabled. For aid to the blind, effective October 1, 1949, a State may disregard such amount of earned income, up to $50 per month, as the State vocational rehabilitation agency for the blind certifies will serve to encourage or assist the blind to prepare for, or engage in remunerative employment; effective July 1, 1951, a State must, in determining the need of any blind individual, disregard any income or resources which are not predictable or actually not available to the individual and take into consideration the special expenses arising from blindness.

Effective July 1, 1952, a State must disregard earned income, up to $50 per month, of an individual claiming aid to the blind; prior to July 1, 1952, the exemption of earned income, up to $50 per month is discretionary with each State. Same income and resources provisions as in existing law for the other categories.

C. Temporary Approval of State Plans for Aid to the Blind

No provision.

For the period October 1, 1949, to June 30, 1953, any State which did not have an approved plan for aid to the blind on January 1, 1949, shall have its plan approved even though it does not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act (relating to consideration of income and resources in determining need). The Federal grant for such State, however, shall be based only upon expenditures made in accordance with the aforementioned income and resources requirement of the act.

Same as House bill except that provision applies after October 1, 1950, and with no termination date.
### D. Examination to Determine Blindness

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY HOUSE</th>
<th>CHANGES IN H. R. 6000 AS PASSED BY SENATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>No provision.</td>
<td>A State aid-to-the-blind plan must provide that, in determining blindness, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist.</td>
<td>A State aid-to-the-blind plan must provide that, in determining blindness, there shall be an examination by a physician skilled in diseases of the eye. Also the plan must provide that the services of optometrists within the scope of their practice as prescribed by State law shall be available to individuals already determined to be eligible for aid to the blind (if desired and needed by them), as well as to recipients of any grant-in-aid program for improvement or conservation of vision.</td>
</tr>
</tbody>
</table>

### E. Assistance to be Furnished Promptly

| No specific provision relating to opportunity to apply for assistance promptly. | Opportunity must be afforded all individuals to apply for assistance, and assistance must be furnished promptly to all eligible individuals. |
| Fair hearing must be provided to individual whose claim for assistance is denied. No specific provision for individual whose claim is not acted upon within a reasonable time. | Fair hearing must be provided by State agency to individual whose claim for assistance is denied or not acted upon within reasonable time. |

### F. Fair Hearing

| Same as House bill but clarified. |

### G. Standards for Institutions

| No provision. | If a State plan for old-age assistance, aid to the blind or aid to the permanently and totally disabled provides for payments to individuals in private or public institutions, the State must have a State authority to establish and maintain standards for such institutions. (Effective July 1, 1953.) |
| Same as House bill. |

### H. Training Program for Personnel

| No specific provision. | States must provide a training program for the personnel necessary to the administration of the plan. |

### I. Notification to Law Enforcement Officials

| Same as House bill. | In aid to dependent children the States must provide for prompt notice to appropriate law-enforcement officials in any case in which aid is furnished to a child who has been deserted or abandoned by a parent. |
### Summary of Principal Changes in the Social Security Act

#### V. Puerto Rico and Virgin Islands

**Existing Law**

Federal funds for public assistance are not available to Puerto Rico and the Virgin Islands.

**Changes in H. R. 6000 as Passed by House**

The four categories of assistance are extended to Puerto Rico and the Virgin Islands. The Federal share, for old-age assistance, aid to the blind, and aid to the permanently and totally disabled is limited to one-half of the total sums expended under an approved plan up to a maximum payment for any individual of $30 per month. For aid to dependent children the Federal share is limited to one-half of the expenditures under an approved plan up to individual maximums of $27 for the first child and $18 for each additional child in a family. Administrative costs are matched by the Federal Government on a 50-50 basis.

**Changes in H. R. 6000 as Passed by Senate**

Same as existing law.

#### VI. Child Welfare Services

**Authorization for annual appropriation**

Same as House bill except that annual authorization is increased to $12,000,000 and except that allotment is on basis of rural population under age 18. (Effective for fiscal years beginning after June 30, 1950.)

Also provision added that in developing the various services under the State plans, the States would be free, but not compelled, to utilize the facilities and experience of voluntary agencies for the care of children in accordance with State and community programs and arrangements.

#### VII. Maternal and Child Health Services

**Authorization for annual appropriation**

Same as existing law.

Also provision added that annual authorization is increased to $20,000,000 and the $35,000 uniform allotment to each State is increased to $60,000. Otherwise, the provisions of present law relating to the apportionment of funds are unchanged. (Effective for fiscal years beginning after June 30, 1950.)
VIII. Services for Crippled Children

EXISTING LAW

Authorizes an annual appropriation of $7,500,000. One-half of this amount is distributed among the States as follows: $30,000 to each State, and the remainder of the one-half on the basis of need after consideration of the number of crippled children in the State needing services and the cost of such services. The second one-half is distributed on the same basis of need.

CHANGES IN H. R. 6000 AS PASSED BY HOUSE

Same as existing law.

CHANGES IN H. R. 6000 AS PASSED BY SENATE

Authorization for annual appropriation increased to $15,000,000 and the $30,000 annual allotment to each State is increased to $60,000. Otherwise, the provisions of present law relating to the apportionment of funds are unchanged. (Effective for fiscal years beginning after June 30, 1950.)

COMPARISON OF PRINCIPAL CHANGES IN THE UNEMPLOYMENT INSURANCE SYSTEM MADE BY H. R. 6000

The bill passed by the House made no changes in this program. The bill passed by the Senate made the following changes in existing law:

1. Title XII of the act, allowing advances to the accounts of States in the unemployment trust fund, expired January 1, 1950; the bill would make this title operative through December 31, 1951.

2. The bill removes the Secretary of Labor’s authority to find a State law out of conformity with Federal requirements specified in section 1603 (a) of the Internal Revenue Code unless the State law has been amended by the legislature. The bill also postpones the effect of the Secretary’s finding of a State’s unemployment insurance law out of conformity for 90 days after the Governor of the State has been notified of the finding of nonconformity. Moreover, the Secretary can make no finding that a State is failing to comply substantially with provisions in its law required by section 1603 (a) (5), if further administrative or judicial review of the interpretation of the State law is provided under the laws of the State. Also if after notice and opportunity for hearing of the State agency, the Secretary finds that there is denial of unemployment compensation benefits and a substantial number of cases to individuals entitled thereto under the law of the State, he may not withhold Federal funds for administration of the State unemployment insurance law until the question of entitlement to benefits has been decided by the highest judicial authority given jurisdiction under State law.
ACTUARIAL COST ESTIMATES FOR THE OLD-AGE AND SURVIVORS INSURANCE SYSTEM AS MODIFIED BY H. R. 6000, AS PASSED BY THE HOUSE OF REPRESENTATIVES AND BY THE SENATE

JUNE 26, 1950

Prepared for the use of the Committee on Ways and Means by Robert J. Myers, Actuary to the Committee

UNITED STATES

WASHINGTON : 1950
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ACTUARIAL COST ESTIMATES FOR THE OLD-AGE AND SURVIVORS INSURANCE SYSTEM AS MODIFIED BY H. R. 6000 AS PASSED BY THE HOUSE OF REPRESENTATIVES AND BY THE SENATE

A. Introduction

This actuarial study presents long-range cost estimates for two versions of H. R. 6000, namely, as passed by the House of Representatives on October 5, 1949, and as passed by the Senate on June 20, 1950.

From an actuarial cost standpoint the main features of this bill as passed by the House are as follows (a complete analysis is contained in H. Rept. 1300, 81st Cong., 1st sess.):

(1) Extension of coverage to all gainful employment except railroad, casual domestic service, agriculture (including the self-employed, i.e., the farmers), certain professional self-employed persons, service in the armed forces, and Federal civilian service covered by a retirement system. In this connection the cost estimates assume that over the long range about one-half of all State and local government employment will be covered as a result of election to be covered. Further it is assumed that for nonprofit employment the employer in virtually all cases pays the optional contribution. The net effect is to increase the number of covered jobs by about 30 percent.

(2) Maximum annual wage base of $3,600. Requirement for quarter of coverage raised to $100 for wages and $200 for self-employment income. Requirement for year of coverage raised to $400 of wages or self-employment income.

(3) Average monthly wage determined over all years of coverage (increment years), with the option of a "new start" after 1949.

(4) Monthly primary benefit based on 50 percent of the first $100 of average monthly wage plus 10 percent of the next $200, with a ½ percent increment for each year of coverage and with a continuation factor to apply in the future to reduce the amount of the benefit by taking into account years of noncoverage. Minimum monthly primary benefit of $25 and maximum family benefit of $150 or 80 percent of wage. Beneficiaries on the roll are to be given an increase averaging about 70 percent by means of a special conversion table.

(5) Lump-sum death payment to be three times the monthly primary benefit and payable for all insured deaths.

(6) Present fully insured status requirements retained, but with new alternative requirement of 20 quarters of coverage out of the last 40 quarters added.

(7) Benefits for parents and first survivor child to be increased from 50 to 75 percent of the primary benefit.
(8) Work clause of $50 per month on an "all-or-none" basis for wages and on a "reduction" basis for self-employment income in excess of $600 per year. Work clause not applicable after age 75.

(9) Requirement for permanent and total disability benefits to be both currently insured status and 20 quarters of coverage out of the last 40 quarters and with a waiting period of 7 full calendar months before first monthly payment is made. No supplementary benefits payable to wife or dependent children.

(10) More liberal provisions for paying child survivor benefits in respect to women workers in that existence of both fully and currently insured status automatically presumes dependency.

(11) Wage credits of $160 for each month of military service given to World War II veterans (including those who died in service). Cost thereof to be met by appropriations from General Treasury.


(13) Contribution rate on employer and employee increased to 1½ percent each in 1950, 2 percent in 1951-59, 2½ percent in 1960-64, 3 percent in 1965-69, and 3⅛ percent thereafter. Contribution rate for self-employed is 1½ times employee rate.

The bill as passed by the Senate differs from the above as follows:

(1) Coverage extended to regularly employed farm workers and coverage not permitted to be elected for, and by, State and local government employees under an existing retirement system.

(2) Requirement for quarter of coverage of $50 for wages and $100 for self-employment income.

(3) Average monthly wage determined over all years after 1936 or after 1950 (if having six quarters of coverage since then) whichever yields the larger benefit.

(4) Monthly primary benefit based on 50 percent of the first $100 of average monthly wage (determined from wages after 1950) plus 15 percent of the next $200, with no increment to increase for years of coverage or continuation factor to reduce for years of noncoverage. Minimum monthly primary benefit of $25, unless average wage is less than $34—then $20 minimum. Beneficiaries on the roll are to be given an increase averaging about 85 to 90 percent by means of a conversion table (which is also applicable for those retiring in the future, on the basis of average wage after 1936, if more favorable).

(5) Lump-sum death payment available only where no survivors eligible for immediate monthly benefits.

(6) "New start" provision introduced for insured status, permitting many more to be eligible immediately.

(7) Benefits for parents remain at 50 percent of primary benefit.

(8) No change in work clause.

(9) No permanent and total disability benefits.

(10) Child survivor benefits in respect to women workers further liberalized. Dependent husband's and widower's benefits added.

(11) Cost of veterans' wage credits to be met from trust fund.

(12) Extension of coverage as of January 1, 1951. Liberalizations in benefits effective for second month following month of enactment.
(13) Same contribution rates except 1½ percent rate retained through 1955.

Estimates of the future costs of the old-age and survivors insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable. Because of numerous factors, such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement-insurance program, benefit payments may be expected to increase continuously for at least the next 50 years.

The cost estimates for the House bill were contained in House Report 1300, Eighty-first Congress, first session and in more detail in a committee print, Actuarial Cost Estimates for Expanded Coverage and Liberalized Benefits Proposed for the Old-Age and Survivors Insurance System by H. R. 6000, October 3, 1949. These figures are slightly modified in the presentation here, so as to be exactly comparable with those for the Senate bill, by assuming that the effective date for coverage changes and for disability benefits is advanced 1 year over the dates in the bill as passed by the House and that the effective date for benefit changes is the same as in the Senate bill. The cost estimates for the Senate bill are presented for the first time here (S. Rept. 1669, 81st Cong., 2d sess. gave estimates for the bill reported by the Senate Committee on Finance, which was modified by the Senate, principally by raising the wage base from $3,000 to $3,600).

The cost estimates are presented here first on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors in the future. Both the low-cost and high-cost estimates are based on "high" economic assumptions, which are intended to represent close to full employment, with average annual wages at about the level prevailing in 1947, which is somewhat below current experience. Following the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low-cost and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions of the bills.

In general, the costs are shown as a percentage of covered payroll. It is believed that this is the best measure of the financial cost of the program. Dollar figures taken alone are misleading, because, for example, extension of coverage will increase not only the outgo but also, and to a greater extent, the income of the system so that the cost relative to payroll will decrease.

Both the House and the Senate very carefully considered the problems of cost in determining the benefit provisions recommended and were of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis. Accordingly, both versions of the bill eliminate the provision added in 1943 authorizing appropriations to the program from general revenues. At the same time, both versions contain a tax schedule which it is believed will make the system self-supporting as nearly as can be foreseen under present circumstances. Future experience may be expected to differ from the conditions assumed in the estimates so that this tax schedule, at least in the distant future, may have to be modified slightly. This may readily be determined by future Congresses after the revised program has been in operation for a decade or two.
B. BASIC ASSUMPTIONS FOR ACTUARIAL COST ESTIMATES

The estimates have been prepared on the basis of high-employment assumptions somewhat below conditions now prevailing. The estimates are based on level-wage assumptions (somewhat below the present level). If in the future the wage level should be considerably above that which now prevails, and if the benefits for those on the roll are at some time adjusted upward on this account, the increased outgo resulting will, in the same fashion, be offset. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates, however, have not taken into account the possibility of a rise in wage levels, as has consistently occurred over the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits nevertheless would not be changed, the cost relative to payroll would, of course, be lower.

The low-cost and high-cost assumptions relate to the cost as a percent of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, etc.

In general, the cost estimates have been prepared according to the same assumptions and techniques as those contained in Actuarial Studies Nos. 23, 27, and 28 of the Social Security Administration, and also the same as in the estimates prepared for the Advisory Council on Social Security of the Senate Committee on Finance (S. Doc. 208, 80th Cong., 2d sess.). It may be mentioned here that in all those estimates—as well as the present ones—there are the following important elements:

1. In later years many women will be potentially eligible for both old-age benefits and either wife’s or widow’s benefits. In such instances, these individuals have been assumed to receive full old-age benefits and any residual amount from the wife’s or widow’s benefits, if larger than the old-age benefit. The numbers of such individuals receiving residual wife’s or widow’s benefits and the average sizes of such benefits are not shown, but the total amount of such benefits is included in the tables giving the amounts of benefits in dollars and as percentages of payroll.

2. The effect of the maximum-benefit provisions will be considerable. It has been assumed that the number who would receive benefits in a particular case would include only those who would receive benefits at the full rate plus one individual who would receive partial benefits completing the maximum, and with all other potentially eligible beneficiaries being disregarded.

The assumptions as to the major elements, population, employment, and wages, may be summarized as follows:

1. Population.—The low-cost estimates assume United States 1939-41 mortality rates constant by age and sex throughout all years. The high-cost estimates are based on improving mortality similar to the National Resources Planning Board low-mortality bases, with an assumed further improvement with time for ages over 65 to allow for possible gains due to geriatric medical research.

The low-cost estimates assume birth rates which in the aggregate are about the same as those for the United States 1940-45 experience, which was relatively high. The high-cost estimates assume a decreas-
ing birth rate in the future similar to the National Resources Planning Board’s medium estimate.

For both the low-cost and high-cost estimates no net immigration is assumed.

Table 1 summarizes these population projections. In the year 2000, the total population of 199 million under the low-cost assumptions is higher than the 173 million under the high-cost assumptions due to the higher birth-rate assumption under the former. The corresponding figures for the aged group (65 and over) are 19 million and 28½ million, respectively; the high-cost figure here is higher due to the lower mortality assumption. Also shown in this table are the latest estimates for 1950. It will be observed that these are somewhat higher than either of the two projections, especially as to the total population. These two projections were prepared several years ago and have been used as the base for a number of cost estimates, including those of the Advisory Council, so as to maintain consistency in such estimates. The actual population in 1950 is higher than in either of the two estimates, principally because of the very high birth rates which have occurred since the war. The long-range cost estimates attempt to portray a trend without considering cyclical fluctuations, and so it is not inconsistent that the actual population at the moment is somewhat higher than in either of the projections.

Table 1.—Estimated United States population in future years

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Age 20-64</th>
<th>Age 65 and over</th>
<th>All ages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Total</td>
</tr>
<tr>
<td>Latest estimates for 1950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>44</td>
<td>44</td>
<td>88</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projection for low-cost assumptions</td>
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</tr>
<tr>
<td>1950</td>
<td>43</td>
<td>44</td>
<td>87</td>
</tr>
<tr>
<td>1955</td>
<td>43</td>
<td>44</td>
<td>87</td>
</tr>
<tr>
<td>1960</td>
<td>44</td>
<td>45</td>
<td>89</td>
</tr>
<tr>
<td>1970</td>
<td>47</td>
<td>48</td>
<td>95</td>
</tr>
<tr>
<td>1980</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>1990</td>
<td>52</td>
<td>52</td>
<td>104</td>
</tr>
<tr>
<td>2000</td>
<td>57</td>
<td>56</td>
<td>113</td>
</tr>
<tr>
<td>Projection for high-cost assumptions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>43</td>
<td>44</td>
<td>87</td>
</tr>
<tr>
<td>1955</td>
<td>44</td>
<td>45</td>
<td>89</td>
</tr>
<tr>
<td>1960</td>
<td>45</td>
<td>46</td>
<td>91</td>
</tr>
<tr>
<td>1970</td>
<td>49</td>
<td>49</td>
<td>98</td>
</tr>
<tr>
<td>1980</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>1990</td>
<td>51</td>
<td>50</td>
<td>101</td>
</tr>
<tr>
<td>2000</td>
<td>57</td>
<td>50</td>
<td>107</td>
</tr>
</tbody>
</table>

Note.—See text for description of bases of population projections.

(2) Employment.—Both the low-cost and high-cost estimates assume close to full employment, although somewhat below the level prevailing at the end of 1949. The previous estimates were, in general, based on conditions in 1944-46. A change made in these estimates to
allow partially for the higher employment since then has been to assume that all coverage figures (and thus resulting beneficiary figures) are about 5 percent higher. Civilian employment averaged about 53,000,000 in 1944-46, but in 1948 averaged 59,400,000, while in 1949 the average was 58,700,000, both increases of over 10 percent.

(3) Wages.—Both the low-cost and high-cost estimates are based on wage levels of 1947, which are slightly below existing ones. For a $3,000 maximum taxable wage, an average annual wage of $2,400 has been used for men working in covered employment in all four quarters of the year, and $1,625 for women. For a $3,600 wage base, the figure for men is increased to $2,550, while that for women is not changed. These same assumptions have been used in all previous estimates of the last 2 years.

The actual recorded wages (under the $3,000 maximum wage base of present law) for four-quarter workers may be compared with those used in the cost estimates, as follows:

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used in cost estimates for $3,000 wage base</td>
<td>$2,350</td>
<td>$1,625</td>
</tr>
<tr>
<td>Used in cost estimates for $3,600 wage base</td>
<td>$2,400</td>
<td>$1,625</td>
</tr>
<tr>
<td>Actual 1944</td>
<td>2,300</td>
<td>1,402</td>
</tr>
<tr>
<td>Actual 1945</td>
<td>2,293</td>
<td>1,384</td>
</tr>
<tr>
<td>Actual 1946</td>
<td>2,399</td>
<td>1,481</td>
</tr>
<tr>
<td>Actual 1947</td>
<td>2,407</td>
<td>1,620</td>
</tr>
<tr>
<td>Actual 1948 (preliminary)</td>
<td>2,460</td>
<td>1,480</td>
</tr>
<tr>
<td>Actual 1949 (preliminary)</td>
<td>2,600</td>
<td>1,700</td>
</tr>
</tbody>
</table>

As to the bases for the disability estimates for the House bill, the following assumptions are used:

(a) Low-cost estimate.—Incidence rates for men are about 45 percent of class 3 (experience of life-insurance companies under disability-income policies for the early 1920's, modified for a 6-month waiting period). Incidence rates for women are 50 percent higher. Termination rates are German social-insurance experience for 1924-27, which is the best available experience as to relatively low disability termination rates.

(b) High-cost estimate.—Incidence rates for men are 90 percent of the so-called 165-percent modification of class 3 (which includes increasingly higher percentages for ages above 45); this modification corresponds roughly to insurance-company experience during the depression years of the early 1930's. Incidence rates for women are 100 percent higher. Termination rates are class 3. The incidence rates used for both estimates are 10 percent lower than those used in Actuarial Study No. 28 (which related to H. R. 2893) because in H. R. 6000, unlike H. R. 2893 and the insurance-company policies, disability is not presumed to be permanent and total after 6 month’s duration but rather must be so proven then.

It will be noted that the low-cost estimate includes low incidence rates (which taken by themselves produce low costs) and also low termination rates (which taken by themselves produce higher costs, but which are felt to be necessary because with low incidence rates—meaning only severely disabled beneficiaries—there would tend to be low termination rates because there would be few recoveries). On the other hand, the high-cost estimate contains high incidence rates which are somewhat offset by high termination rates, which it seems
reasonable to assume would result under such circumstances since the high incidence rates imply many cases where recovery and rehabilitation will occur.

It is conceivable that if there were not strict administrative practices, there could be low termination rates combined with high incidence rates, which would produce appreciably higher costs than shown here. Also in a period of severe depression if there were not adequate unemployment insurance and assistance or work projects, there would tend to be higher disability costs than shown here—especially if the scale of disability benefits were relatively high as compared with other available benefits or assistance. On the other hand, extremely low costs would develop if low incidence rates were combined with high termination rates, but this hardly seems a possible combination under any circumstances.

The table below compares the estimated proportion of the population age 65 and over who are fully insured under the present limited coverage and under the expanded coverage recommended in the two versions of the bill:

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Present coverage</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Men</td>
</tr>
<tr>
<td>1951</td>
<td>34-38</td>
<td>4-5</td>
<td>37-42</td>
</tr>
<tr>
<td>1955</td>
<td>39-44</td>
<td>6-7</td>
<td>47-53</td>
</tr>
<tr>
<td>1960</td>
<td>44-49</td>
<td>7-10</td>
<td>55-62</td>
</tr>
<tr>
<td>1980</td>
<td>64-72</td>
<td>10-22</td>
<td>73-82</td>
</tr>
<tr>
<td>1990</td>
<td>72-81</td>
<td>27-34</td>
<td>78-97</td>
</tr>
</tbody>
</table>

It will be noted that the above figures for women include only those insured by their own employment and not those eligible through their husband’s earnings. If the latter group had also been included, the resulting figures would have been somewhat larger than those shown for men.

As in previous cost estimates, no account is taken of the 1947 amendment to the Railroad Retirement Act, which provides for coordination of old-age and survivors insurance and railroad wages in determining survivor benefits.

Under the Senate bill voluntary coverage is permitted for two groups, namely, State and local government employees who are not under an existing retirement system and employees of religious denominations and organizations owned and operated by religious denominations. For the purpose of these cost estimates it has been assumed that over the long range virtually all of these groups will be covered as a result of voluntary action on the part of the employers involved.

C. RESULTS OF COST ESTIMATES ON RANGE BASIS

Table 2 gives the estimated taxable payrolls for the coverage provided under the two versions of the bill. As indicated in the previous section, the assumptions made as to wage rates are on the low side (in order to be conservative) so that the total payrolls resulting here are also somewhat on the low side.
## Table 2.—Estimated taxable payrolls under H. R. 6000

[In billions]

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>House bill Low-cost estimate</th>
<th>House bill High-cost estimate</th>
<th>Senate bill Low-cost estimate</th>
<th>Senate bill High-cost estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$105</td>
<td>$107</td>
<td>$104</td>
<td>$106</td>
</tr>
<tr>
<td>1965</td>
<td>$110</td>
<td>$114</td>
<td>$111</td>
<td>$113</td>
</tr>
<tr>
<td>1970</td>
<td>$124</td>
<td>$124</td>
<td>$125</td>
<td>$126</td>
</tr>
<tr>
<td>1980</td>
<td>$132</td>
<td>$134</td>
<td>$134</td>
<td>$131</td>
</tr>
<tr>
<td>1990</td>
<td>$141</td>
<td>$142</td>
<td>$142</td>
<td>$133</td>
</tr>
<tr>
<td>2000</td>
<td>$150</td>
<td>$152</td>
<td>$152</td>
<td>$134</td>
</tr>
</tbody>
</table>

1 Based on high employment assumptions.

Since both the low-cost and the high-cost estimates assume a high future level of economic activity, the payrolls are substantially the same under the two estimates in the early years. In later years the estimated payrolls increase in accordance with the population assumptions (see table 1), and a spread develops between the low-cost and high-cost estimates. The assumptions which affect benefits, however, have widely different effects even in the early years of the program. The range of error in the estimates, nevertheless, may be fully as great for contributions as it is for benefits.

The taxable payrolls under the Senate bill are slightly higher than under the House bill because of the greater coverage in the Senate bill.

Tables 3a and 3b show the estimated number of monthly beneficiaries in current payment status under the two versions of the bill. Because of the "new start" provision for determining insured status the number of beneficiaries under the Senate bill in the early years of operation is materially higher than under the House bill. Thus in 1951 this increase is about 700,000 persons (including 150,000 dependents and survivors as well as about 550,000 retired workers). In subsequent years this difference decreases but even eventually it is still present, though very small, chiefly due to the somewhat larger compulsory coverage under the Senate bill.
### COST ESTIMATES FOR OLD-AGE AND SURVIVORS INSURANCE

#### Table 3a. Estimated numbers of monthly beneficiaries under House bill

[In thousands]

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age beneficiaries</th>
<th>Survivor beneficiaries</th>
<th>Disability beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary</td>
<td>Wife’s</td>
<td>Child’s</td>
</tr>
<tr>
<td>Low-cost estimate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>1,487</td>
<td>443</td>
<td>43</td>
</tr>
<tr>
<td>1955</td>
<td>1,833</td>
<td>554</td>
<td>46</td>
</tr>
<tr>
<td>1960</td>
<td>2,234</td>
<td>750</td>
<td>61</td>
</tr>
<tr>
<td>1970</td>
<td>4,056</td>
<td>1,015</td>
<td>116</td>
</tr>
<tr>
<td>1980</td>
<td>5,654</td>
<td>1,240</td>
<td>134</td>
</tr>
<tr>
<td>1990</td>
<td>7,733</td>
<td>1,257</td>
<td>134</td>
</tr>
<tr>
<td>2000</td>
<td>9,087</td>
<td>1,184</td>
<td>135</td>
</tr>
</tbody>
</table>

| High-cost estimate |
| 1951 | 1,800 | 503 | 58 | 357 | 31 | 238 | 677 |
| 1955 | 2,924 | 718 | 73 | 624 | 48 | 292 | 851 |
| 1960 | 4,265 | 1,333 | 99 | 1,037 | 69 | 313 | 883 |
| 1970 | 6,100 | 1,653 | 119 | 2,039 | 90 | 300 | 904 |
| 1980 | 10,292 | 2,149 | 130 | 2,701 | 97 | 279 | 716 |
| 1990 | 14,527 | 2,470 | 131 | 3,199 | 94 | 254 | 660 |
| 2000 | 17,428 | 2,595 | 86 | 3,076 | 90 | 254 | 706 |

1. As of middle of year.
2. I. e., for benefits paid in respect to retired workers.
3. Does not include those who are eligible for old-age benefits by reason of having attained the minimum retirement age.
4. Does not include beneficiaries who are also eligible for primary benefits.
5. Based on high-employment assumptions.

#### Table 3b. Estimated numbers of monthly beneficiaries under Senate bill

[In thousands]

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age beneficiaries</th>
<th>Survivor beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary</td>
<td>Wife’s</td>
</tr>
<tr>
<td>Low-cost estimate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>2,033</td>
<td>593</td>
</tr>
<tr>
<td>1955</td>
<td>2,203</td>
<td>668</td>
</tr>
<tr>
<td>1960</td>
<td>2,727</td>
<td>753</td>
</tr>
<tr>
<td>1970</td>
<td>4,099</td>
<td>1,063</td>
</tr>
<tr>
<td>1980</td>
<td>5,685</td>
<td>1,243</td>
</tr>
<tr>
<td>1990</td>
<td>7,760</td>
<td>1,260</td>
</tr>
<tr>
<td>2000</td>
<td>9,070</td>
<td>1,187</td>
</tr>
</tbody>
</table>

| High-cost estimate |
| 1951 | 2,340 | 652 | 75 | 363 | 31 | 224 | 688 |
| 1955 | 3,060 | 830 | 83 | 669 | 48 | 203 | 871 |
| 1960 | 4,404 | 1,140 | 103 | 1,123 | 69 | 239 | 951 |
| 1970 | 6,942 | 1,561 | 119 | 2,074 | 90 | 302 | 808 |
| 1980 | 10,380 | 2,153 | 130 | 2,788 | 97 | 280 | 718 |
| 1990 | 14,396 | 2,474 | 131 | 3,141 | 94 | 265 | 653 |
| 2000 | 17,456 | 2,599 | 86 | 3,083 | 90 | 255 | 502 |

1. As of middle of year.
2. I. e., for benefits paid in respect to retired workers.
3. Does not include beneficiaries who are also eligible for primary benefits. For wife’s and widow’s benefits, includes husband’s and widower’s benefits, respectively.
4. Based on high-employment assumptions.
Tables 4a and 4b show the estimated average benefits under the two bills. These are given only for the calendar years 1951, 1960, and 2000, since in general there is a smooth trend in the intervening periods.

It will be noted that for old-age beneficiaries separate figures are given for men and women, since the results differ greatly and since a combination would obscure the trend. For men the average old-age benefit will remain relatively constant after 1960; from 1951 to 1960 under the Senate bill there will be some increase due to the effect of the "new start" average wage and in addition under the House bill due to the fact that the conversion table produces somewhat lower results than under the Senate bill. On the other hand, for women the average old-age benefit shows a decrease over the long-range future because there will ultimately be a large number of women receiving such benefits who did not engage in covered employment for their entire adult lifetime after 1950.

Table 4a.—Estimated average monthly benefit payments and average lump-sum death payments under House bill

<table>
<thead>
<tr>
<th>Category</th>
<th>1951-54</th>
<th>1960-64</th>
<th>2000-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age primary</td>
<td>$40-$47</td>
<td>$40-$51</td>
<td>$45-$47</td>
</tr>
<tr>
<td>Male</td>
<td>47-48</td>
<td>50-52</td>
<td>53-56</td>
</tr>
<tr>
<td>Female</td>
<td>40-41</td>
<td>46-47</td>
<td>33-35</td>
</tr>
<tr>
<td>Wife's 1</td>
<td>23-24</td>
<td>26-26</td>
<td>27-29</td>
</tr>
<tr>
<td>Widow's 1</td>
<td>34-34</td>
<td>38-38</td>
<td>40-43</td>
</tr>
<tr>
<td>Parent's 1</td>
<td>40-42</td>
<td>41-43</td>
<td>39-41</td>
</tr>
<tr>
<td>Child's 1</td>
<td>31-33</td>
<td>34-35</td>
<td>33-34</td>
</tr>
<tr>
<td>Mother's 1</td>
<td>26-27</td>
<td>28-29</td>
<td>30-31</td>
</tr>
<tr>
<td>Disability primary 4</td>
<td>34-34</td>
<td>38-38</td>
<td>40-43</td>
</tr>
<tr>
<td>Male</td>
<td>47-48</td>
<td>50-52</td>
<td>53-56</td>
</tr>
<tr>
<td>Female</td>
<td>40-41</td>
<td>46-47</td>
<td>33-35</td>
</tr>
<tr>
<td>Wife's 1</td>
<td>26-27</td>
<td>28-29</td>
<td>30-31</td>
</tr>
<tr>
<td>Widow's 1</td>
<td>35-36</td>
<td>39-40</td>
<td>44-45</td>
</tr>
<tr>
<td>Parent's 1</td>
<td>36-37</td>
<td>38-39</td>
<td>41-42</td>
</tr>
<tr>
<td>Child's 1</td>
<td>34-35</td>
<td>36-37</td>
<td>38-39</td>
</tr>
<tr>
<td>Mother's</td>
<td>42-43</td>
<td>44-44</td>
<td>45-46</td>
</tr>
<tr>
<td>Lump-sum death 1</td>
<td>150-150</td>
<td>152-154</td>
<td>139-146</td>
</tr>
</tbody>
</table>

1 Does not include those eligible for primary benefits.
2 Does not include those eligible for primary or widow's benefits.
3 Includes child's benefits for both children of old-age beneficiaries and child survivor beneficiaries.
4 Does not include those who are eligible for old-age primary benefits by reason of having attained the minimum retirement age.
5 Average amount per death.
6 Lower figure of range shown is for high-cost estimate, while higher figure is for low-cost estimate.

Table 4b.—Estimated average monthly benefit payments and average lump-sum death payments under Senate bill

<table>
<thead>
<tr>
<th>Category</th>
<th>1951-54</th>
<th>1960-64</th>
<th>2000-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age primary</td>
<td>$48-$49</td>
<td>$51-$53</td>
<td>$49-$50</td>
</tr>
<tr>
<td>Male</td>
<td>50-50</td>
<td>54-56</td>
<td>57-58</td>
</tr>
<tr>
<td>Female</td>
<td>40-40</td>
<td>39-39</td>
<td>36-38</td>
</tr>
<tr>
<td>Wife's 1</td>
<td>26-26</td>
<td>29-30</td>
<td>29-30</td>
</tr>
<tr>
<td>Widow's 1</td>
<td>31-33</td>
<td>34-36</td>
<td>44-45</td>
</tr>
<tr>
<td>Parent's 1</td>
<td>36-38</td>
<td>38-39</td>
<td>44-46</td>
</tr>
<tr>
<td>Child's 1</td>
<td>34-34</td>
<td>36-37</td>
<td>36-37</td>
</tr>
<tr>
<td>Mother's</td>
<td>42-42</td>
<td>44-44</td>
<td>45-46</td>
</tr>
<tr>
<td>Lump-sum death 1</td>
<td>150-150</td>
<td>152-154</td>
<td>139-146</td>
</tr>
</tbody>
</table>

1 Does not include those eligible for primary benefits. Includes husband's and widow's benefits.
2 Does not include those eligible for primary, widow's or widower's benefits.
3 Includes child's benefits for both children of old-age beneficiaries and child survivor beneficiaries.
4 Average amount per death.
5 Lower figure of range shown is for high-cost estimate, while higher figure is for low-cost estimate.
Tables 5a and 5b present costs as a percentage of payroll for each of the various types of benefits. As used here, "level-premium cost" may be defined as the contribution rate charged from 1951 on, which together with interest would meet all benefit payments after 1950 (including the benefit payments to those on the roll prior to 1951 and the increases which they receive through the conversion table). This level-premium rate would produce a very considerable amount of excess income in the early years which, invested at interest, would help considerably in meeting the higher benefit outgo ultimately. The level-premium cost shown for both versions of the bill is roughly 4% to 7½ percent of payroll, or about the same as for the plan of the Advisory Council. These level-premium costs are somewhat higher than those for the original Social Security Act of 1935—namely, 5 to 7 percent—because of two factors not specified in the plans themselves: first, a lower interest rate is used here—namely, 2 percent as against 3 percent—and, second, the program proposed is nearer maturity since the benefit roll is now quite sizable; in other words, some of the period of low cost has been passed through.

Table 5a.—Estimated relative costs in percentage of payroll for House bill, by type of benefit [Percent]

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Old-age</th>
<th>Wife's 1</th>
<th>Widow's 1</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's 2</th>
<th>Disability</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-cost estimate #</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>0.78</td>
<td>0.12</td>
<td>0.13</td>
<td>0.09</td>
<td>0.27</td>
<td>0.06</td>
<td>1.46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>1.03</td>
<td>0.15</td>
<td>0.14</td>
<td>0.11</td>
<td>0.37</td>
<td>0.08</td>
<td>2.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>1.42</td>
<td>0.21</td>
<td>0.24</td>
<td>0.15</td>
<td>0.44</td>
<td>0.09</td>
<td>2.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>2.65</td>
<td>0.27</td>
<td>0.27</td>
<td>0.14</td>
<td>0.47</td>
<td>0.11</td>
<td>4.46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>3.25</td>
<td>0.31</td>
<td>0.31</td>
<td>0.15</td>
<td>0.49</td>
<td>0.13</td>
<td>5.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>4.32</td>
<td>0.35</td>
<td>0.35</td>
<td>0.18</td>
<td>0.50</td>
<td>0.14</td>
<td>5.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>2.65</td>
<td>0.36</td>
<td>0.36</td>
<td>0.12</td>
<td>0.47</td>
<td>0.12</td>
<td>4.87</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| High-cost estimate # |         |          |           |          |          |           |            |                |       |
| 1951          | 0.97    | 0.14     | 0.14      | 0.10     | 0.26     | 0.06      | 1.69       |                |       |
| 1955          | 1.43    | 0.20     | 0.20      | 0.12     | 0.34     | 0.07      | 2.80       |                |       |
| 1960          | 2.33    | 0.26     | 0.26      | 0.14     | 0.31     | 0.08      | 4.21       |                |       |
| 1970          | 4.20    | 0.31     | 0.31      | 0.18     | 0.52     | 0.10      | 5.96       |                |       |
| 1980          | 6.16    | 0.37     | 0.37      | 0.22     | 0.69     | 0.11      | 7.56       |                |       |
| 1990          | 7.09    | 0.43     | 0.43      | 0.28     | 0.81     | 0.12      | 9.45       |                |       |
| 2000          | 5.06    | 0.52     | 0.52      | 0.14     | 0.88     | 0.15      | 7.86       |                |       |

1 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits.
2 Includes child's benefits for both children of old-age beneficiaries and child survivor beneficiaries.
3 Level-premium contribution rate (based on 2-percent interest) for benefit payments after 1950 and into perpetuity not taking into account the accumulated funds at the end of 1950 or administrative expenses.
<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age</th>
<th>Wife's</th>
<th>Widow's</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td><strong>Low-cost estimate</strong></td>
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</tr>
<tr>
<td>1951</td>
<td>1.06</td>
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<td>0.14</td>
<td>0.61</td>
<td>0.09</td>
<td>0.30</td>
<td>0.05</td>
<td>1.92</td>
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<td>0.19</td>
<td>0.14</td>
<td>0.61</td>
<td>0.09</td>
<td>0.30</td>
<td>0.05</td>
<td>2.23</td>
</tr>
<tr>
<td>1960</td>
<td>1.47</td>
<td>0.25</td>
<td>0.14</td>
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<td>0.09</td>
<td>0.30</td>
<td>0.05</td>
<td>2.64</td>
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<tr>
<td>1970</td>
<td>2.04</td>
<td>0.30</td>
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<td>0.09</td>
<td>0.30</td>
<td>0.05</td>
<td>3.05</td>
</tr>
<tr>
<td>1980</td>
<td>2.67</td>
<td>0.35</td>
<td>0.16</td>
<td>0.61</td>
<td>0.09</td>
<td>0.30</td>
<td>0.05</td>
<td>3.47</td>
</tr>
<tr>
<td>1990</td>
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<td>0.40</td>
<td>0.17</td>
<td>0.61</td>
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<td>0.30</td>
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<td>0.09</td>
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<tr>
<td>Level premium</td>
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<td>0.94</td>
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<td>0.15</td>
<td>0.51</td>
<td>0.10</td>
<td>4.75</td>
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</tr>
<tr>
<td>1951</td>
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<td>0.15</td>
<td>0.61</td>
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<td>0.05</td>
<td>2.71</td>
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<tr>
<td>1960</td>
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<td>0.35</td>
<td>0.16</td>
<td>0.61</td>
<td>0.11</td>
<td>0.30</td>
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<tr>
<td>1970</td>
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<td>0.17</td>
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<td>0.11</td>
<td>0.30</td>
<td>0.05</td>
<td>5.27</td>
</tr>
<tr>
<td>1980</td>
<td>4.52</td>
<td>0.59</td>
<td>0.18</td>
<td>0.61</td>
<td>0.11</td>
<td>0.30</td>
<td>0.05</td>
<td>7.67</td>
</tr>
<tr>
<td>1990</td>
<td>6.48</td>
<td>0.73</td>
<td>0.20</td>
<td>0.61</td>
<td>0.11</td>
<td>0.30</td>
<td>0.05</td>
<td>10.13</td>
</tr>
<tr>
<td>2000</td>
<td>7.58</td>
<td>0.73</td>
<td>1.36</td>
<td>0.62</td>
<td>0.10</td>
<td>0.22</td>
<td>0.12</td>
<td>10.13</td>
</tr>
<tr>
<td>Level premium</td>
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<td>0.57</td>
<td>1.05</td>
<td>0.62</td>
<td>0.12</td>
<td>0.27</td>
<td>0.09</td>
<td>7.48</td>
</tr>
</tbody>
</table>

1 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.
2 Includes child's benefits for both children of old-age beneficiaries and child-suit benefits.
3 Based on high-employment assumptions.
4 Level-premium contribution rate (based on 2-percent interest) for benefit payments after 1950 and into perpetuity, not taking into account the accumulated funds at the end of 1950 or administrative expenses.

Chart 1 compares the year-by-year cost of the bills with the latest cost estimates for the present law. As would be anticipated, the Senate bill has a higher cost throughout all years than the present act, since benefits are liberalized considerably. Similarly, the Senate bill has a higher cost than the House bill in the early years and a somewhat lower cost later. This results for the early years because of the much more liberal eligibility and benefit conditions, while for the middle and later years these factors are offset by the elimination of the increment and the permanent and total-disability provisions. In the ultimate condition (year 2000) the cost under the Senate bill approaches more closely the cost under the House bill since, under the latter, benefits for insured persons who are out of covered employment for a substantial period of time (e.g., married women) will be sharply reduced by the effect of the continuation factor (not incorporated in the Senate bill).
CHART 1

COST OF PROPOSED PLAN COMPARED WITH LATEST COST ESTIMATE FOR PRESENT ACT

PERCENT OF PAYROLL

LOW COST ESTIMATE

HIGH COST ESTIMATE


* * * SENATE BILL
* * * HOUSE BILL
* * * PRESENT ACT, LATEST ESTIMATE
Tables 6a and 6b give the dollar figures for various future years for each of the different types of benefits.

Tables 7a and 7b present the estimated operations of the trust fund under the expanded program. The trust fund at the end of 1950 is estimated to be about $13⅓ billion. The figures for 1950 reflect the operation of the present act for the entire year as to contribution receipts, but as to benefit disbursements the figure includes payments made under the present act for the first 8 months of the year and under the bill for the remainder of the year; the assumption is made here that the enactment date will be some time in June so that the liberalized benefit conditions will be effective in August, with the first payments coming out of the trust fund in September (some such assumption must necessarily be made in developing cost estimates although the enactment date might be somewhat later).

The future progress of the trust fund has been developed here on the basis of a 2-percent interest rate; subsequently, some consideration will be given as to the effect of a higher interest rate. Throughout, there is the assumption that no Government contribution to the system is made, since both versions of the bill strike out the provision of present law which would permit this.

### Table 6a.—Estimated absolute costs in dollars for House bill, by type of benefit

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age primary</th>
<th>Wife's 1</th>
<th>Widow's 1</th>
<th>Parent's 2</th>
<th>Mother's 3</th>
<th>Child's 4</th>
<th>Disability</th>
<th>Lump sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$828</td>
<td>$125</td>
<td>$141</td>
<td>$10</td>
<td>$284</td>
<td>$477</td>
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<tr>
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<td>1,222</td>
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<td>263</td>
<td>15</td>
<td>125</td>
<td>402</td>
<td>87</td>
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<tr>
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<td>1,501</td>
<td>233</td>
<td>478</td>
<td>19</td>
<td>152</td>
<td>497</td>
<td>103</td>
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<tr>
<td>1970</td>
<td>2,543</td>
<td>336</td>
<td>961</td>
<td>21</td>
<td>180</td>
<td>587</td>
<td>401</td>
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</tr>
<tr>
<td>1980</td>
<td>3,522</td>
<td>406</td>
<td>1,356</td>
<td>21</td>
<td>106</td>
<td>644</td>
<td>467</td>
<td>6,783</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>4,586</td>
<td>431</td>
<td>1,598</td>
<td>19</td>
<td>214</td>
<td>701</td>
<td>490</td>
<td>3,233</td>
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<tr>
<td>2000</td>
<td>5,563</td>
<td>415</td>
<td>1,649</td>
<td>17</td>
<td>253</td>
<td>759</td>
<td>544</td>
<td>4,616</td>
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</tr>
</tbody>
</table>

1 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits.

2 Includes child's benefits for both children of old-age beneficiaries and child survivor beneficiaries.

3 Based on high-employment assumptions.
### Table 6b.—Estimated absolute cost in dollars for Senate bill, by type of benefit

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age</th>
<th>Wife's</th>
<th>Widow's</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's</th>
<th>Lump-sum death</th>
<th>Total</th>
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<tr>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>1951</td>
<td>$1,147</td>
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<td>$7</td>
<td>$101</td>
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<tr>
<td>1955</td>
<td>1,316</td>
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<td>291</td>
<td>10</td>
<td>187</td>
<td>442</td>
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<tr>
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<td>1,590</td>
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<td>328</td>
<td>13</td>
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<td>355</td>
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<tr>
<td>1975</td>
<td>2,907</td>
<td>372</td>
<td>1,542</td>
<td>16</td>
<td>191</td>
<td>329</td>
<td>106</td>
<td>4,902</td>
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<td>130</td>
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<tr>
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<td>450</td>
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<td>14</td>
<td>228</td>
<td>765</td>
<td>152</td>
<td>8,024</td>
</tr>
<tr>
<td>2000</td>
<td>8,313</td>
<td>477</td>
<td>1,730</td>
<td>12</td>
<td>246</td>
<td>819</td>
<td>172</td>
<td>8,732</td>
</tr>
<tr>
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<tr>
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<td>$122</td>
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<td>266</td>
<td>308</td>
<td>17</td>
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<td>454</td>
<td>63</td>
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<td>548</td>
<td>21</td>
<td>167</td>
<td>622</td>
<td>70</td>
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<tr>
<td>1975</td>
<td>4,298</td>
<td>582</td>
<td>1,675</td>
<td>31</td>
<td>161</td>
<td>390</td>
<td>92</td>
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<tr>
<td>1980</td>
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<td>768</td>
<td>1,817</td>
<td>33</td>
<td>181</td>
<td>392</td>
<td>113</td>
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<tr>
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<td>8,406</td>
<td>901</td>
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<td>143</td>
<td>330</td>
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<tr>
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<td>972</td>
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<td>31</td>
<td>138</td>
<td>295</td>
<td>100</td>
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### Table 7a.—Estimated progress of trust fund for House bill

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions</th>
<th>Benefits payments</th>
<th>Administrative expenses</th>
<th>Interest on fund</th>
<th>Fund at end of year</th>
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</thead>
<tbody>
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<td></td>
<td>Low-cost estimate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>$2,575</td>
<td>$883</td>
<td>$65</td>
<td>$268</td>
<td>$13,610</td>
</tr>
<tr>
<td>1955</td>
<td>4,262</td>
<td>2,311</td>
<td>68</td>
<td>494</td>
<td>26,117</td>
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<tr>
<td>1960</td>
<td>5,444</td>
<td>3,329</td>
<td>85</td>
<td>766</td>
<td>35,925</td>
</tr>
<tr>
<td>1970</td>
<td>7,777</td>
<td>5,168</td>
<td>117</td>
<td>1,201</td>
<td>67,621</td>
</tr>
<tr>
<td>1980</td>
<td>8,506</td>
<td>6,783</td>
<td>145</td>
<td>2,025</td>
<td>104,520</td>
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<tr>
<td>1990</td>
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<td>170</td>
<td>2,864</td>
<td>137,513</td>
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<tr>
<td>2000</td>
<td>9,536</td>
<td>8,818</td>
<td>181</td>
<td>3,381</td>
<td>172,707</td>
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<tr>
<td>1950</td>
<td>$2,575</td>
<td>$883</td>
<td>$65</td>
<td>$268</td>
<td>$13,610</td>
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<tr>
<td>1955</td>
<td>4,262</td>
<td>2,311</td>
<td>68</td>
<td>494</td>
<td>26,117</td>
</tr>
<tr>
<td>1960</td>
<td>5,444</td>
<td>3,329</td>
<td>85</td>
<td>766</td>
<td>35,925</td>
</tr>
<tr>
<td>1970</td>
<td>7,777</td>
<td>5,168</td>
<td>117</td>
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<td>67,621</td>
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<tr>
<td>1980</td>
<td>8,506</td>
<td>6,783</td>
<td>145</td>
<td>2,025</td>
<td>104,520</td>
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<tr>
<td>1990</td>
<td>8,923</td>
<td>8,253</td>
<td>170</td>
<td>2,864</td>
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<td>8,818</td>
<td>181</td>
<td>3,381</td>
<td>172,707</td>
</tr>
</tbody>
</table>

1 Included are excesses of wife’s and widow’s benefits over primary benefits for females primary beneficiaries also eligible for wife’s or widow’s benefits. Also includes husband’s and widower’s benefits, respectively.
2 Includes child’s benefits for both children of old-age beneficiaries and child survivor benefits.
3 Based on high-employment assumptions.

**Table 6b.—Estimated absolute cost in dollars for Senate bill, by type of benefit**

**Table 7a.—Estimated progress of trust fund for House bill**
COST ESTIMATES FOR OLD-AGE AND SURVIVORS INSURANCE

Table 7b.—Estimated progress of trust fund for Senate bill

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions 1</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Interest on fund 2</th>
<th>Fund at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low-cost estimate 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 1950          | $2,575          | $1,118           | $55                     | $295
| 1960          | 5,250           | 2,458            | 71                      | 373                | 16,556              |
| 1970          | 7,592           | 3,257            | 84                      | 556                | 26,288              |
| 1980          | 8,468           | 6,529            | 141                     | 1,940              | 39,064              |
| 1990          | 8,999           | 8,034            | 167                     | 3,631              | 135,437             |
| 2000          | 9,615           | 8,732            | 180                     | 3,370              | 172,658             |
|               | High-cost estimate 4 |                  |                         |                    |                     |
| 1950          | $2,575          | $1,118           | $55                     | $295
| 1960          | 5,415           | 4,328            | 126                     | 428                | 22,330              |
| 1970          | 7,635           | 6,637            | 173                     | 731                | 37,504              |
| 1980          | 8,270           | 9,243            | 224                     | 892                | 44,890              |
| 1990          | 8,426           | 11,944           | 277                     | 531                | 26,185              |
| 2000          | 8,474           | 15,594           | 308                     | (t)                | (t)                 |

1 Combined employer, employee, and self-employed contributions. The combined employer-employee rate is 3 percent for 1930-55, 4 percent for 1956-59, 5 percent for 1960-64, 6 percent for 1965-69, and 6.5 percent for 1970 and after. The self-employed pay 3/4 of these rates.
2 Interest is figured at 2 percent on average balance in fund during year.
3 Based on high-employment assumptions.
4 See text for description of assumptions made as to 1930.
5 Fund exhausted in 1997.

Under the low-cost estimate, for both bills the trust fund builds up quite rapidly and even some 50 years hence it is growing at a rate of $4 billion per year and at that time is about $175 billion in magnitude; in fact, under this estimate benefit disbursements never exceed contribution income and even in the year 2000 are almost 10 percent smaller.

On the other hand, under the high-cost estimate the trust fund builds up to a maximum (of about $40 billion in 1975 for the House bill and about $45 billion in 1980 for the Senate bill), but decreases thereafter until it is exhausted (shortly after 1990 for the House bill and 1995 for the Senate bill). For the House bill, in each of the years prior to the scheduled tax increases (namely, 1959, 1964, and 1969) benefit disbursements are slightly higher (by 2 or 3 percent) than contribution income; for the Senate bill, for the same years benefits are over 10 percent lower than contributions. Benefit disbursements exceed contribution income after 1973 for the House bill and 1976 for the Senate bill.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately selfsupporting, as will be indicated hereafter. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice under the philosophy in the bill and set forth in the committee reports, the tax schedule would be adjusted in future years so that neither of the developments of the trust fund shown in table 7 would ever eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward or perhaps would not be increased in
future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled in the bill. At any rate, the high-cost estimate does indicate that under the tax schedule adopted there would be ample funds for several decades even under relatively unfavorable experience.

The effects of the new eligibility conditions and the new concept of computing the average monthly wage, when combined with the large number of new persons brought into coverage, are particularly difficult to estimate during the early years of operation. The number of persons who will qualify and retire to get benefits is more uncertain on the new basis than it is under present law because the qualifying period is relatively short. While an attempt has been made to allow for the very important factor of lag in the filing of claims, the benefit estimates used for the early years in developing the trust-fund progression may be overstatements to some extent, and this might extend to the figures shown for 1960.

D. INTERMEDIATE-COST ESTIMATES

In this section there will be given intermediate-cost estimates, developed from the low-cost and high-cost estimates of this report. These intermediate costs are based on an average of the low-cost and high-cost estimates (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). It should be recognized that these intermediate-cost estimates do not represent the “most probable” estimates, since it is impossible to develop any such figures. Rather, they have been set down as a convenient and readily available single set of figures to use for comparative purposes.

Also, a single figure is necessary in the development of a tax schedule which will make the system self-supporting, according to the best possible estimate. Any specific schedule will be different from what will actually be required to obtain exact balance between contributions and benefits. However, this procedure does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional rates, but rather this principle of self-support should be aimed at as closely as possible.

The tax schedule contained in the House bill is as follows:

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Employee</th>
<th>Employer</th>
<th>Self-employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>1.5%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>1951-59</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>1960-64</td>
<td>2.5%</td>
<td>2.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>1965-69</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>1970 and after</td>
<td>3.5%</td>
<td>3.5%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

The above schedule differs from that in the Senate bill only in that under the latter the first increase from the present rates would occur in 1956 instead of in 1951 (and, of course, the self-employed are not covered in 1950). These tax schedules were determined on the basis of the following actuarial cost analysis.
Table 8 gives an estimate of the level-premium costs of the two versions of the bill, tracing through the increase in cost over the present program according to the major types of changes proposed.

<table>
<thead>
<tr>
<th align="center">Table 8.—Estimated level-premium costs as percentage of payroll by type of change</th>
</tr>
</thead>
<tbody>
<tr>
<td align="center"><strong>House bill</strong></td>
</tr>
<tr>
<td align="center"><strong>Cost of benefits of present law</strong></td>
</tr>
<tr>
<td align="center">Effect of proposed changes:</td>
</tr>
<tr>
<td align="center">Benefit formula</td>
</tr>
<tr>
<td align="center">(a) New benefit percentages</td>
</tr>
<tr>
<td align="center">(b) Reduction in increment</td>
</tr>
<tr>
<td align="center">(c) Increase in wage base</td>
</tr>
<tr>
<td align="center">Liberalized eligibility conditions</td>
</tr>
<tr>
<td align="center">Liberalized work clause</td>
</tr>
<tr>
<td align="center">Revised lump-sum death payment</td>
</tr>
<tr>
<td align="center">Additional survivor benefits</td>
</tr>
<tr>
<td align="center">Extension of coverage</td>
</tr>
<tr>
<td align="center"><strong>Cost of benefits under bill</strong></td>
</tr>
<tr>
<td align="center">Administrative costs</td>
</tr>
<tr>
<td align="center">Interest on trust fund at end of 1950</td>
</tr>
<tr>
<td align="center">Net level-premium cost of bill</td>
</tr>
</tbody>
</table>

1 Including minimum and maximum benefit provisions.
2 For House bill, including so-called continuation factor.
3 Not in Senate bill.
4 Including higher rate for first survivor child, more liberal eligibility conditions for determining child dependency on married women workers, higher rate for parents (House bill only), wife's benefits for widows under 65 with children (House bill only), and husband's and widower's benefits (Senate bill only).

**Note.**—Figures relate only to benefit payments after 1950. Figures in parenthesis are subtotal figures. These figures represent an intermediate estimate which is subject to a significant range because of the possible variation in the cost factors involved in the future. The computations are based on a compound interest rate of 2 percent per annum. The order in which these various changes are considered in this table affects how much of the increase in cost is attributed to a specific element.

It should be emphasized that neither committee recommended that the system be financed by a high, level tax rate from 1951 on, but rather recommended an increasing schedule, which—of necessity—will ultimately have to rise higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will arise; this fund will be invested in Government securities (just as is much of the reserves of life insurance companies and banks, and as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and United States Government life insurance systems), and the resulting interest income will help to bear part of the increased benefit costs of the future. For comparing the costs of various possible alternative plans and provisions, the use of level-premium rates is helpful as a convenient yardstick.

It should be emphasized that the order in which the various changes in table 8 are considered determines in many instances how much of the increase in cost is attributed to a specific recommendation. For example, for the House bill the increased cost arising from the revised lump-sum death payment is shown as a negative figure or, in other words, as a savings in cost. Under the House bill there are three important cost factors in respect to the lump-sum death payment, namely, (1) the higher general benefit level due to the change in the benefit formula; (2) the reduction in the relation that such payment bears to the primary insurance amount (from 6 times such amount
under present law to 3 times); and (3) the granting of such payment for all insured deaths, rather than only for deaths where no immediate monthly benefit is available. If the combined effect of all three factors is considered, there would be an increase in cost of 0.05 percent of payroll, but since the first of these factors had previously been considered in table 8, the net effect of the other two factors is the indicated reduction in cost of 0.05 percent of payroll. On the other hand, under the Senate bill, the third factor is not included, so that the net effect in reality is virtually no change in costs, but a reduction of 0.10 percent was included for the lump-sum death payment in the increased cost due to the revised benefit formula shown above.

From table 8 it may be noted that the net level-premium cost of the benefits in the Senate bill is about 0.25 percent of payroll lower than the House bill. (It should be noted that the lower tax rate provided in the Senate bill for 1951-55 is, in effect, an increase in the cost of the system.) There are a number of changes in the Senate bill from the House bill which increase benefit costs, while there are somewhat greater offsetting changes in the opposite direction. Increases in benefit costs (taken as a whole, rather than considered in any particular order) as a percentage of payroll are approximately as follows:

<table>
<thead>
<tr>
<th>Item:</th>
<th>Increase (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New benefit formula giving 15 percent of average wage beyond $100 instead of 10 percent</td>
<td>0.5</td>
</tr>
<tr>
<td>More liberal basis for determining average wage, not using the so-called continuation factor</td>
<td>6</td>
</tr>
<tr>
<td>More liberal survivor benefits for married women</td>
<td>0.05</td>
</tr>
<tr>
<td>More liberal immediate eligibility conditions</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.2</strong></td>
</tr>
</tbody>
</table>

Correspondingly, decreases in cost as a percentage of payroll for the Senate bill as compared with the House bill are approximately as follows:

<table>
<thead>
<tr>
<th>Item:</th>
<th>Decrease (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elimination of disability benefits</td>
<td>0.5</td>
</tr>
<tr>
<td>Elimination of increment</td>
<td>0.9</td>
</tr>
<tr>
<td>Retention of present basis of eligibility for lump-sum death payment</td>
<td>0.05</td>
</tr>
<tr>
<td>Greater extension of coverage</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.5</strong></td>
</tr>
</tbody>
</table>

As will be seen from table 8, the level-premium cost of the present law—taking into account 2 percent interest—is about 4½ percent of payroll; this is considerably lower than the cost was estimated to be when the program was revised in 1939, largely because of the rise in the wage level which has occurred in the past decade (higher wages result in lower cost as a percentage of payroll because of the weighted nature of the benefit formula).

Under the Senate bill the level-premium cost of the benefits is increased to almost 6 percent of payroll, while for the House bill it is about 6½ percent. However, this figure must be adjusted slightly for two factors, namely, the administrative costs, which are charged directly to the trust fund, and the interest earnings on the present trust fund, which will be about $13½ billion at the end of 1950. Considering all of these elements the net level-premium cost of the Senate
bill is shown to be about 6.00 percent of payroll as compared with about 6.25 percent for the House bill.

As an indication of the effect of various factors on the estimated actuarial costs, it may be pointed out that if an interest rate of 2% percent were used rather than 2% percent, the net level-premium cost of the Senate bill would be reduced to about 5.6 percent. (The interest rate which determines the yield of new investments for the trust fund is now 2.20 percent, but until it rises to 2.25 percent, such investments continue to be made at 2% percent.)

Table 9 and chart 2 compare the year-by-year cost of the benefit payments according to the intermediate-cost estimate, not only for the House bill and Senate bill but also for the present act. These figures are based on a level-wage trend in the future and do not consider cyclical business trends (booms and depressions) which over a long period of years will tend to average out. The dollar amount of the increased cost in 1951 of the Senate bill over the present act is substantial (about $1.7 billion), but the cost as a percentage of payroll does not rise greatly. This results from the increase of the total covered payroll due to the newly covered categories. In contrast with the House bill, the benefit disbursements under the Senate bill in 1951 will be about $400 million higher, principally due to the more liberal eligibility conditions which will bring onto the rolls many now ineligible and also in part due to the somewhat more liberal treatment accorded the existing beneficiaries now on the roll.

Table 9.—Estimated cost of benefit payments under present act, House bill, and Senate bill, intermediate-cost estimate

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Amount (in millions)</th>
<th>In percent of payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Present act</td>
<td>House bill 1</td>
</tr>
<tr>
<td>1951</td>
<td>$865</td>
<td>$1,664</td>
</tr>
<tr>
<td>1955</td>
<td>1,264</td>
<td>2,679</td>
</tr>
<tr>
<td>1960</td>
<td>2,679</td>
<td>6,221</td>
</tr>
<tr>
<td>1968</td>
<td>4,372</td>
<td>8,342</td>
</tr>
<tr>
<td>1980</td>
<td>6,517</td>
<td>10,335</td>
</tr>
<tr>
<td>2000</td>
<td>6,788</td>
<td>11,328</td>
</tr>
<tr>
<td>Level-premium:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 2% interest</td>
<td>4.50</td>
<td>6.32</td>
</tr>
<tr>
<td>At 2.25% interest</td>
<td>4.60</td>
<td>6.15</td>
</tr>
<tr>
<td>At 2.25% interest</td>
<td>4.20</td>
<td>5.99</td>
</tr>
</tbody>
</table>

1 Includes cost of permanent and total disability benefits, which are not included in Senate bill. These amount to about $250 million in 1951, $200 million in 1960, and $800 to $900 million in 1980 and after.

Note.—These figures represent an intermediate estimate which is subject to a significant range because of the possible variation in the cost factors involved in the future. For definition of "level-premium," see test.
Benefit costs expressed as a percentage of payroll, according to the intermediate estimate, do not exceed the employer-employee combined tax rate until about 1985 for the Senate bill as against 1981 for the House bill. In other words, according to this estimate, for approximately the next three decades income to the system will exceed outgo; subsequently there will be discussed the possible effects over the next few years of unfavorable economic conditions.

Table 10 presents estimates of the numbers of beneficiaries and is comparable with tables 3a and 3b of the previous section.

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age beneficiaries</th>
<th>Survivor beneficiaries</th>
<th>Disability beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary</td>
<td>Wife's</td>
<td>Child's</td>
</tr>
<tr>
<td>House bill</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>1,644</td>
<td>474</td>
<td>50</td>
</tr>
<tr>
<td>1955</td>
<td>2,258</td>
<td>644</td>
<td>68</td>
</tr>
<tr>
<td>1960</td>
<td>3,441</td>
<td>942</td>
<td>97</td>
</tr>
<tr>
<td>1970</td>
<td>5,472</td>
<td>1,394</td>
<td>104</td>
</tr>
<tr>
<td>1980</td>
<td>7,973</td>
<td>1,094</td>
<td>122</td>
</tr>
<tr>
<td>1990</td>
<td>11,130</td>
<td>1,850</td>
<td>128</td>
</tr>
<tr>
<td>2000</td>
<td>13,158</td>
<td>1,880</td>
<td>108</td>
</tr>
</tbody>
</table>

| Senate bill   |         |        |        |         |          |         |
| 1951          | 2,185   | 625    | 66     | 356     | 25      | 221      | 694     |
| 1955          | 2,602   | 746    | 72     | 654     | 38      | 282      | 914     |
| 1960          | 3,561   | 1,092  | 104    | 1,117   | 53      | 312      | 1,018   |
| 1970          | 5,015   | 1,392  | 122    | 2,052   | 66      | 326      | 1,062   |
| 1980          | 8,038   | 1,896  | 128    | 2,748   | 70      | 342      | 1,082   |
| 1990          | 11,144  | 1,897  | 128    | 3,045   | 65      | 341      | 1,111   |
| 2000          | 13,183  | 1,895  | 108    | 3,466   | 62      | 355      | 1,158   |

1 As of middle of year.
2 Based on high-employment assumptions. These intermediate figures are based on an average of the low-cost and high-cost estimates.
3 I.e., for benefits paid in respect to retired workers.
4 Does not include those who are eligible for old-age benefits by reason of having attained the minimum retirement age.
5 Does not include beneficiaries who are also eligible for primary benefits. For Senate bill, husband's and widower's benefits are included under wife's and widow's benefits, respectively.
Table 11 presents costs of benefits under the bill as a percent of payroll for each of the various types of benefits and is comparable with tables 5a and 5b of the previous section.

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age</th>
<th>Wife’s</th>
<th>Widow’s</th>
<th>Parent’s</th>
<th>Mother’s</th>
<th>Child’s</th>
<th>Disability</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>House bill</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>0.87</td>
<td>0.13</td>
<td>0.14</td>
<td>0.01</td>
<td>0.09</td>
<td>0.27</td>
<td>0.00</td>
<td>1.57</td>
<td>1.57</td>
</tr>
<tr>
<td>1955</td>
<td>1.24</td>
<td>0.19</td>
<td>0.24</td>
<td>0.02</td>
<td>0.12</td>
<td>0.55</td>
<td>0.03</td>
<td>2.46</td>
<td>2.46</td>
</tr>
<tr>
<td>1960</td>
<td>1.82</td>
<td>0.26</td>
<td>0.43</td>
<td>0.02</td>
<td>0.14</td>
<td>0.59</td>
<td>0.04</td>
<td>3.58</td>
<td>3.58</td>
</tr>
<tr>
<td>1970</td>
<td>2.67</td>
<td>0.34</td>
<td>0.78</td>
<td>0.03</td>
<td>0.13</td>
<td>0.38</td>
<td>0.07</td>
<td>5.01</td>
<td>5.01</td>
</tr>
<tr>
<td>1980</td>
<td>3.66</td>
<td>0.42</td>
<td>1.04</td>
<td>0.03</td>
<td>0.13</td>
<td>0.37</td>
<td>0.01</td>
<td>6.37</td>
<td>6.37</td>
</tr>
<tr>
<td>1990</td>
<td>4.69</td>
<td>0.46</td>
<td>1.13</td>
<td>0.02</td>
<td>0.13</td>
<td>0.37</td>
<td>0.08</td>
<td>7.59</td>
<td>7.59</td>
</tr>
<tr>
<td>2000</td>
<td>5.98</td>
<td>0.46</td>
<td>1.13</td>
<td>0.02</td>
<td>0.13</td>
<td>0.36</td>
<td>0.08</td>
<td>8.01</td>
<td>8.01</td>
</tr>
<tr>
<td>Level premium</td>
<td>3.76</td>
<td>0.38</td>
<td>0.92</td>
<td>0.02</td>
<td>0.13</td>
<td>0.36</td>
<td>0.04</td>
<td>6.24</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age</th>
<th>Wife’s</th>
<th>Widow’s</th>
<th>Parent’s</th>
<th>Mother’s</th>
<th>Child’s</th>
<th>Disability</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Senate bill</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>1.18</td>
<td>0.18</td>
<td>0.15</td>
<td>0.01</td>
<td>0.10</td>
<td>0.30</td>
<td>0.05</td>
<td>1.94</td>
<td>1.94</td>
</tr>
<tr>
<td>1955</td>
<td>1.40</td>
<td>0.22</td>
<td>0.27</td>
<td>0.01</td>
<td>0.13</td>
<td>0.38</td>
<td>0.06</td>
<td>2.47</td>
<td>2.47</td>
</tr>
<tr>
<td>1960</td>
<td>1.90</td>
<td>0.29</td>
<td>0.47</td>
<td>0.02</td>
<td>0.14</td>
<td>0.42</td>
<td>0.06</td>
<td>3.39</td>
<td>3.39</td>
</tr>
<tr>
<td>1970</td>
<td>2.74</td>
<td>0.38</td>
<td>0.54</td>
<td>0.02</td>
<td>0.14</td>
<td>0.41</td>
<td>0.06</td>
<td>4.61</td>
<td>4.61</td>
</tr>
<tr>
<td>1980</td>
<td>3.73</td>
<td>0.46</td>
<td>1.12</td>
<td>0.02</td>
<td>0.14</td>
<td>0.40</td>
<td>0.06</td>
<td>5.96</td>
<td>5.96</td>
</tr>
<tr>
<td>1990</td>
<td>4.85</td>
<td>0.46</td>
<td>1.30</td>
<td>0.02</td>
<td>0.13</td>
<td>0.39</td>
<td>0.11</td>
<td>7.25</td>
<td>7.25</td>
</tr>
<tr>
<td>2000</td>
<td>5.41</td>
<td>0.49</td>
<td>1.24</td>
<td>0.02</td>
<td>0.14</td>
<td>0.39</td>
<td>0.12</td>
<td>7.89</td>
<td>7.89</td>
</tr>
<tr>
<td>Level premium</td>
<td>4.02</td>
<td>0.32</td>
<td>0.89</td>
<td>0.02</td>
<td>0.14</td>
<td>0.39</td>
<td>0.10</td>
<td>6.07</td>
<td></td>
</tr>
</tbody>
</table>

1 Based on high-employment assumptions. These intermediate costs are based on an average of the dollar costs under the low-cost and high-cost estimates.
2 Included are excesses of wife’s and widow’s benefits over primary benefits for female primary beneficiaries also eligible for wife’s or widow’s benefits. Also includes husband’s and widower’s benefits, respectively.
3 Includes child’s benefits for both children of old-age beneficiaries and child survivor beneficiaries.
4 Level-premium contribution rate (based on 2-percent interest) for benefit payments after 1950 and into perpetuity, not taking into account the accumulated funds at the end of 1950 or administrative expenses.
Table 12 gives the dollar figures for various future years for each of the different types of benefits for the intermediate-cost estimate and is comparable to tables 6a and 6b of the previous section. Total benefit payments are shown to rise from about $2 billion in 1951 to $11 billion 50 years hence.

**Table 12.** Estimated absolute costs in dollars for H. R. 6000 by type of benefit, intermediate-cost estimate

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old age</th>
<th>Wife's 1</th>
<th>Widow's 2</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's 3</th>
<th>Disability</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$922</td>
<td>$135</td>
<td>$145</td>
<td>$14</td>
<td>$99</td>
<td>$283</td>
<td>$66</td>
<td>$1,664</td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>1,348</td>
<td>207</td>
<td>207</td>
<td>26</td>
<td>132</td>
<td>354</td>
<td>$66</td>
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<td>153</td>
<td>446</td>
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<tr>
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<td>421</td>
<td>506</td>
<td>32</td>
<td>164</td>
<td>476</td>
<td>708</td>
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<tr>
<td>1970</td>
<td>4,786</td>
<td>544</td>
<td>1,365</td>
<td>33</td>
<td>168</td>
<td>466</td>
<td>804</td>
<td>6,221</td>
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<tr>
<td>1975</td>
<td>5,392</td>
<td>624</td>
<td>1,605</td>
<td>32</td>
<td>172</td>
<td>509</td>
<td>824</td>
<td>6,535</td>
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<tr>
<td>1980</td>
<td>7,192</td>
<td>651</td>
<td>1,668</td>
<td>30</td>
<td>180</td>
<td>512</td>
<td>857</td>
<td>11,328</td>
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<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old age</th>
<th>Wife's 1</th>
<th>Widow's 2</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's 3</th>
<th>Disability</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$1,240</td>
<td>$190</td>
<td>$159</td>
<td>$9</td>
<td>$112</td>
<td>$318</td>
<td>$34</td>
<td>$2,852</td>
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<tr>
<td>1955</td>
<td>1,547</td>
<td>258</td>
<td>309</td>
<td>14</td>
<td>146</td>
<td>423</td>
<td>63</td>
<td>2,730</td>
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<tr>
<td>1960</td>
<td>2,184</td>
<td>332</td>
<td>536</td>
<td>18</td>
<td>164</td>
<td>454</td>
<td>63</td>
<td>3,702</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>3,451</td>
<td>477</td>
<td>1,056</td>
<td>23</td>
<td>176</td>
<td>514</td>
<td>100</td>
<td>5,900</td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>4,939</td>
<td>606</td>
<td>1,487</td>
<td>24</td>
<td>181</td>
<td>528</td>
<td>121</td>
<td>7,888</td>
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<tr>
<td>1975</td>
<td>6,482</td>
<td>658</td>
<td>1,724</td>
<td>25</td>
<td>186</td>
<td>544</td>
<td>146</td>
<td>9,904</td>
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<tr>
<td>1980</td>
<td>7,736</td>
<td>704</td>
<td>1,780</td>
<td>22</td>
<td>194</td>
<td>558</td>
<td>166</td>
<td>11,158</td>
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</tbody>
</table>

1 Based on high-employment assumptions. These intermediate costs are based on an average of the dollar costs under the low-cost and high-cost estimates.

2 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.

3 Includes child's benefits for both children of old-age beneficiaries and child survivor beneficiaries.

Table 13 presents the estimated operation of the trust fund according to the intermediate estimate (using a 2 percent interest rate) and is comparable to tables 7a and 7b of the previous section except that figures are shown for the Senate bill for single calendar years from 1950 to 1955. The estimated contribution receipts for 1951 are not greatly in excess of those for 1950, because for the vast majority of self-employment covered by the bill the tax return will be made on an annual basis and thus in the following calendar year (before March 15, 1952).
## Table 13.—Estimated progress of trust fund for H. R. 6000, intermediate-cost estimate

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions</th>
<th>Benefit payments</th>
<th>Administra-</th>
<th>Interest on</th>
<th>Fund at end</th>
<th>of year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>tive expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>House bill</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>$2,575</td>
<td>$933</td>
<td>$65</td>
<td>$150</td>
<td>$13,410</td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>4,251</td>
<td>2,679</td>
<td>84</td>
<td>479</td>
<td>24,659</td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>5,503</td>
<td>4,063</td>
<td>130</td>
<td>639</td>
<td>32,169</td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>7,762</td>
<td>6,231</td>
<td>151</td>
<td>1,000</td>
<td>52,025</td>
<td></td>
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<tr>
<td>1980</td>
<td>8,245</td>
<td>8,342</td>
<td>174</td>
<td>1,375</td>
<td>70,571</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>8,362</td>
<td>10,338</td>
<td>226</td>
<td>1,441</td>
<td>72,318</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>8,966</td>
<td>11,338</td>
<td>246</td>
<td>1,240</td>
<td>61,936</td>
<td></td>
</tr>
</tbody>
</table>

| **Senate bill**|               |                  |             |             |             |        |
| 1950          | $2,575        | $1,119           | $65         | $236        | $13,475     |        |
| 1951          | 2,839         | 2,081            | 69          | 276         | 15,440      |        |
| 1952          | 3,154         | 2,238            | 75          | 297         | 17,480      |        |
| 1953          | 3,177         | 2,400            | 78          | 319         | 18,588      |        |
| 1954          | 3,177         | 2,490            | 78          | 319         | 18,588      |        |
| 1955          | 3,200         | 2,521            | 82          | 338         | 17,492      |        |
| 1960          | 3,223         | 3,730            | 86          | 354         | 25,022      |        |
| 1970          | 5,404         | 3,792            | 105         | 492         | 46,456      |        |
| 1980          | 7,148         | 9,691            | 222         | 1,001       | 75,971      |        |
| 1990          | 8,369         | 11,355           | 244         | 1,509       | 72,372      |        |

1 Based on high-employment assumptions. These intermediate costs are based on an average of the dollar costs under the low-cost and high-cost estimates.

2 Combined employer-employee contribution schedule is as follows: for the House bill, 3 percent for 1950, 4 percent for 1951-55, 5 percent for 1956-65, 6 percent for 1966-69, and 6½ percent for 1970 and after, while for the Senate bill the same except that increase to 4 percent is in 1956 instead of 1951. The self-employed pay 3½ of these rates.

3 Interest is figured at 2 percent on average balance in fund during year.

4 See text for description of assumptions made as to 1950.

Under the Senate bill the trust fund grows steadily reaching a maximum of about $81 billion in 1990, and then declines slowly thereafter; under the House bill the peak is about $73 billion shortly before 1990. Under the House bill the trust fund grows somewhat more rapidly at first, in part because the first tax increase over present rates is instituted in 1951 instead of 1956 as in the Senate bill, and in part because benefit disbursements in the early years are lower than under the Senate bill. Thus under the House bill, according to the intermediate estimate, the trust fund increases to $25 billion by the end of 1955 as compared with $18 billion at the same date for the Senate bill; this difference slowly decreases, until after 1976 the trust fund under the Senate bill is larger.

The fact that the trust fund declines slowly after 1990 indicates, that under the bills, the proposed tax schedules are not quite self-supporting but are sufficiently close for all practical purposes considering the uncertainties and variations possible in the cost estimates. Thus in regard to the ultimate 6½ percent employer-employee rate, the House Ways and Means Committee stated as follows:

If a 7-percent ultimate employer-employee rate had been chosen, the cost estimates developed would have indicated that the system would be slightly over-funded. Your committee believes that it is not necessary in such a long-range matter to attempt to be unduly conservative and provide an intentional overchange—especially when it is considered that it will be many, many years before any deficit or excess in the ultimate rate will be determined and even at that time it will probably be of only a small amount.
The Senate Committee on Finance concurred in this statement and acted accordingly in its bill.

Detailed calculations have also been made for the intermediate-cost estimates to show the effect of using a different interest rate than 2 percent, and the results as to the size of the fund are shown in the following table:

<table>
<thead>
<tr>
<th>As of Dec. 31</th>
<th>House bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 percent interest</td>
<td>2 1/2 percent interest</td>
</tr>
<tr>
<td>1950</td>
<td>$13.6</td>
<td>$13.6</td>
</tr>
<tr>
<td>1951</td>
<td>32.3</td>
<td>32.8</td>
</tr>
<tr>
<td>1952</td>
<td>62.0</td>
<td>54.0</td>
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<td>1953</td>
<td>71.1</td>
<td>74.2</td>
</tr>
<tr>
<td>1954</td>
<td>72.5</td>
<td>76.6</td>
</tr>
<tr>
<td>1955</td>
<td>61.9</td>
<td>72.7</td>
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</table>

If the interest rate is taken as 2 1/2 percent, the trust fund would reach a peak of over $85 billion under the House bill some 40 years hence and would decline very slightly thereafter. In fact, the tax schedule in the Senate bill would, under the assumptions used under the intermediate-cost estimate, place the system on a self-supporting basis if the interest rate on the trust fund is as high as 2 1/2 percent.

Detailed computations have also been made as to the estimated progress of the trust fund under the Senate bill up through 1955 under unfavorable economic conditions. (See table 14.) It is assumed that the benefit disbursements would follow those in the high-cost estimates previously presented except that further increases have been arbitrarily assumed, amounting to 20 percent relatively for 1955 and proportionately smaller relative increases in the preceding years. At the same time it has been assumed that contribution income would be decreased by 10 percent in 1951 and by 25 percent in each of the following years (it should be mentioned again that based on current conditions, it would appear that the estimates of contribution income used previously were conservative in that they tend to be somewhat on the low side so that these arbitrary reductions here represent even greater actual reductions from present conditions).

Table 14—Estimated progress of trust fund for Senate bill under unfavorable economic assumptions

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions 1</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Interest on fund 1</th>
<th>Fund at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>$2,575</td>
<td>$1,118</td>
<td>$65</td>
<td>$265</td>
<td>$13,475</td>
</tr>
<tr>
<td>1951</td>
<td>2,443</td>
<td>2,250</td>
<td>85</td>
<td>271</td>
<td>13,914</td>
</tr>
<tr>
<td>1952</td>
<td>2,566</td>
<td>2,489</td>
<td>99</td>
<td>275</td>
<td>12,974</td>
</tr>
<tr>
<td>1953</td>
<td>2,375</td>
<td>2,902</td>
<td>120</td>
<td>271</td>
<td>13,316</td>
</tr>
<tr>
<td>1954</td>
<td>2,396</td>
<td>3,315</td>
<td>120</td>
<td>271</td>
<td>14,042</td>
</tr>
<tr>
<td>1955</td>
<td>2,411</td>
<td>3,389</td>
<td>110</td>
<td>271</td>
<td>11,788</td>
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</table>

1 See text for assumptions and bases.
2 Combined employer-employee contribution rate is 3 percent for all years shown. The self-employed pay 2 1/4 percent.
3 Interest is figured at 2 percent on average balance in fund during year.
Under these unfavorable economic assumptions, the benefit payments exceed the contributions for each year after 1951, with the difference in 1955 amounting to over $1 billion. As a result, the trust fund reaches a peak of $13.9 billion at the end of 1951 and declines slowly thereafter, but remaining above $13 billion until after 1953. At the end of 1955, the balance in the trust fund is $11.8 billion, or the same as the balance at the end of 1949. Accordingly, even with unfavorable economic conditions in the next 5 years, the trust fund along with the tax income, will still be ample to meet the benefit obligations of those years. Similar estimates made for the House bill would show that the trust fund would increase steadily throughout the period, largely because of the higher tax rate in 1951–55 than under the Senate bill.

E. COST OF VETERANS’ BENEFITS

The preceding cost estimates for the Senate bill take into account the special benefits provided for veterans, since the additional costs therefor are met from the trust fund from time to time as they arise; under the present law and under the House bill such additional costs are met from the General Treasury as they arise, and the cost estimates therefore do not include the cost of these benefits.

The benefits contained in present law (namely, survivor benefits for veterans who die within 3 years after discharge) are continued. Further, it is proposed to give wage credits of $160 for each month of military service, not only to living veterans but also in respect to those who died in service.

It is estimated that the total cost of these veterans’ benefits will amount to about $300 million under the Senate bill and $1$\frac{1}{2}$ billion under the House bill spread over the next 50 years. There will be a very considerable outgo over the next 10 years in respect to the children and widows of men who died in service. For this group, under both bills, the increased outgo from the trust fund will be about $20 million in 1951 and will average about $15 million a year over the next decade. However, since by 1960 virtually all of these children will have attained age 18, the disbursements for this group will fall off quite sharply and will not thereafter be of any significant size until about 35 years from now, when the widows will be reaching retirement age. The remainder of the cost of these veterans’ benefits is in regard to veterans who did not die in service; the bulk of such cost will arise some 40 to 50 years hence.

Under the House bill, the cost for these veterans’ benefits would be about $1$\frac{1}{4}$ billion, all of which would be met, over the years, out of the General Treasury. Under the Senate bill, this benefit cost would be reduced by 80 percent (and none would be met by the General Treasury), principally because of the “new start” provisions as to average wage and insured status and because of the elimination of the increment.

F. SUMMARY OF COSTS OF HOUSE AND SENATE BILLS

According to the preceding actuarial estimates, the cost of the benefits provided in the House bill are about $\frac{3}{4}$ percent of pay roll higher
on a level-premium basis than those of the Senate bill. From a relative-cost standpoint, this is offset to a certain extent (but by no means completely) because under the Senate bill the increase in the combined employer-employee tax rate from the present 3 percent to 4 percent is not scheduled until 1956 as contrasted with 1951 under the House bill.

For the next few years benefit disbursements under the Senate bill will exceed those under the House bill although thereafter the benefit disbursements under the House bill will be slightly higher. Accordingly, with the lower tax income for 1951-55 under the Senate bill, the trust fund does not grow as rapidly as it does under the House bill. However, eventually because of the factor mentioned previously, namely, the lower level-premium cost of the benefits, the trust fund under the Senate bill becomes larger than that under the House bill.

Based on a 2-percent interest rate, the system is not quite self-supporting under either bill although it is closer to being self-supporting under the Senate bill because the lower level-premium cost of the benefits more than offsets the lower tax income in the next 5 years. It may be noted that although the ultimate employer-employee tax rate of 6 1/2 percent is higher than the level premium cost of either bill, the excess is not sufficient to offset the tax schedule being graded lower in the early years; in addition there is the factor that the self-employed pay only three-fourths of this amount, or namely 4 3/4 percent ultimately, which is well below the aggregate level premium cost. However, as indicated previously, for both bills according to the intermediate estimate, the system may be considered to be self-supporting since there is very close to an exact balance—especially considering the factors that a range of error is necessarily present in long-range actuarial cost estimates and that rounded tax rates are necessary so that an exact balance would not be possible even if the exact future conditions were known.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

AUGUST 1, 1950—Ordered to be printed

Mr. DOUGHTON, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 6000]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: That this Act, with the following table of contents, may be cited as the "Social Security Act Amendments of 1950".

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<th>Section of amended Social Security Act</th>
<th>Heading</th>
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</thead>
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<td>American Aircraft.</td>
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<td>208 (i)</td>
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<td>Net Earnings from Self-Employment.</td>
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### TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

**OLD-AGE AND SURVIVORS INSURANCE BENEFITS**

**Sec. 101.** (a) Section 202 of the Social Security Act is amended to read as follows:

"**OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS**

"Old-Age Insurance Benefits"

"Sec. 202. (a) Every individual who—

"(1) is a fully insured individual (as defined in section 214 (a)),

"(2) has attained retirement age (as defined in section 216 (a)), and

"(3) has filed application for old-age insurance benefits,

shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies. 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.

"Wife’s Insurance Benefits"

"(b) (1) The wife (as defined in section 216 (b)) of an individual entitled to old-age insurance benefits, if such wife—

"(A) has filed application for wife’s insurance benefits,

"(B) has attained retirement age or has in her care (individually or jointly with her husband) at the time of filing such application a child entitled to a child’s insurance benefit on the basis of the wages and self-employment income of her husband,"
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"(C) was living with such individual at the time such application was filed, and
"(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than one-half of an old-age insurance benefit of her husband,
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 one-half of an old-age insurance benefit of her husband.

"(2) Such wife's insurance benefit for each month shall be equal to one-half of the old-age insurance benefit of her husband for such month.

"Husband's Insurance Benefits

"(c) (1) The husband (as defined in section 216 (f)) of a currently insured individual (as defined in section 214 (b)) entitled to old-age insurance benefits, if such husband—
"(A) has filed application for husband's insurance benefits,
"(B) has attained retirement age,
"(C) was living with such individual at the time such application was filed,
"(D) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Administrator, from such individual at the time she became entitled to old-age insurance benefits and filed proof of such support within two years after the month in which she became so entitled, and
"(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than one-half of an old-age insurance benefit of his wife,
shall become 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 one-half of an old-age insurance benefit of his wife.

"(2) Such husband's insurance benefit for each month shall be equal to one-half of the old-age insurance benefit of his wife for such month.

"Child's Insurance Benefits

"(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—
"(A) has filed application for child's insurance benefits,
"(B) at the time such application was filed was unmarried and had not attained the age of eighteen, and
"(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,
shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), or attains the age of eighteen.

"(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the old-age insurance benefit of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual, except that, if there is more than one child entitled to benefits on the basis of such individual's wages and self-employment income, each such child's insurance benefit for such month shall be equal to the sum of (A) one-half of the primary insurance amount of such individual, and (B) one-fourth of such primary insurance amount divided by the number of such children.

"(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1) (C) unless, at such time, such individual was not living with or contributing to the support of such child and—

"(A) such child is neither the legitimate nor adopted child of such individual, or
"(B) such child had been adopted by some other individual, or
"(C) such child was living with and was receiving more than one-half of his support from his stepfather.

"(4) A child shall be deemed dependent upon his stepfather at the time specified in paragraph (1) (C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

"(5) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1) (C) if such mother or adopting mother was a currently insured individual. A child shall also be deemed dependent upon his natural or adopting mother, or upon his stepmother, at the time specified in paragraph (1) (C) if, at such time, (A) she was living with or contributing to the support of such child, and (B) either (i) such child was neither living with nor receiving contributions from his father or adopting father, or (ii) such child was receiving at least one-half of his support from her.

"Widow's Insurance Benefits

"(e) (1) The widow (as defined in section 216 (c)) of an individual who died a fully insured individual after 1939, if such widow—

"(A) has not remarried,
"(B) has attained retirement age,
"(C) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died,
"(D) was living with such individual at the time of his death, and
(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of her deceased husband, 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 three-fourths of the primary insurance amount of her deceased husband.

(2) Such widow's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of her deceased husband.

"Widower’s Insurance Benefits"

(f) (1) The widower (as defined in section 216 (g)) of an individual who died a fully and currently insured individual after August 1950, if such widower—

(A) has not remarried,

(B) has attained retirement age,

(C) has filed application for widower’s insurance benefits or was entitled to husband’s insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which she died,

(D) was living with such individual at the time of her death,

(E) (i) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Administrator, from such individual at the time of her death and filed proof of such support within two years of such date of death, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Administrator, from such individual, and she was a currently insured individual, at the time she became entitled to old-age insurance benefits and filed proof of such support within two years after the month in which she became so entitled, and

(F) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of his deceased wife, 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 three-fourths of the primary insurance amount of his deceased wife.

(2) Such widower’s insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of his deceased wife.

"Mother’s Insurance Benefits"

(g) (1) The widow and every former wife divorced (as defined in section 216 (d)) of an individual who died a fully or currently insured individual after 1939, if such widow or former wife divorced—

(A) has not remarried,

(B) is not entitled to a widow’s insurance benefit,
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"(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,

"(D) has filed application for mother’s insurance benefits,

"(E) at the time of filing such application has in her care a child of such individual entitled to a child’s insurance benefit, and

"(F) (i) in the case of a widow, was living with such individual at the time of his death, or (ii) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death, and the child referred to in clause (E) is her son, daughter, or legally adopted child and the benefits referred to in such clause are payable on the basis of such individual’s wages and self-employment income, shall be entitled to a mother’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: no child of such deceased individual is entitled to a child’s insurance benefit, she becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual, she becomes entitled to a widow’s insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child’s insurance benefit on the basis of the wages and self-employment income of such deceased individual.

"(2) Such mother’s insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

"Parent’s Insurance Benefits

"(h) (1) Every parent (as defined in this subsection) of an individual who died a fully insured individual after 1939, if such individual did not leave a widow who meets the conditions in subsection (e) (1) (D) and (E), a widower who meets the conditions in subsection (f) (1) (D), (E), and (F), or an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5), and if such parent—

"(A) has attained retirement age,

"(B) was receiving at least one-half of his support from such individual at the time of such individual’s death and filed proof of such support within two years of such date of death,

"(C) has not married since such individual’s death,

"(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such deceased individual, 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 three-fourths of the primary insurance amount of such deceased individual.

"(2) Such parent's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

"(3) As used in this subsection, the term 'parent' means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adopting parent by whom an individual was adopted before he attained the age of sixteen.

"Lump-Sum Death Payments

"(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount shall be paid in a lump sum to the person, if any, determined by the Administrator to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of such insured individual. No payment shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual.

"Application for Monthly Insurance Benefits

"(j) (1) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the sixth month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Administrator has certified for payment for such prior month.

"(2) No application for any benefit under this section for any month after August 1950 which is filed prior to three months before the first month for which the applicant becomes entitled to such benefit shall be accepted as an application for the purposes of this section; and any application filed within such three months' period shall be deemed to have been filed in such first month.

"Simultaneous Entitlement to Benefits

"(k) (1) A child, entitled to child's insurance benefits on the basis of the wages and self-employment income of an insured individual, who would be entitled, on filing application, to child's insurance benefits on the basis of the wages and self-employment income of some other insured individual, shall be deemed entitled, subject to the provisions of paragraph (2) hereof, to child's insurance benefits on the basis of the wages and self-employment income of such other individual if an application for child's insurance benefits on the basis of the wages and self-employ-
ment income of such other individual has been filed by any other child who would, on filing application, be entitled to child's insurance benefits on the basis of the wages and self-employment income of both such insured individuals.

"(2) (A) Any child who under the preceding provisions of this section is entitled for any month to more than one child's insurance benefit shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month, such benefit to be the one based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

"(B) Any individual who under the preceding provisions of this section is entitled for any month to more than one monthly insurance benefit (other than an old-age insurance benefit) under this title shall be entitled to only one such monthly benefit for such month, such benefit to be the largest of the monthly benefits to which he (but for this subparagraph (B)) would otherwise be entitled for such month.

"(3) If an individual is entitled to an old-age insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month shall be reduced (after any reduction under section 203 (a)) by an amount equal to such old-age insurance benefit.

"Entitlement to Survivor Benefits Under Railroad Retirement Act

"(1) If any person would be entitled, upon filing application therefor, to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act), no lump-sum death payment, and no monthly benefit for the month in which such employee died or for any month thereafter, shall be paid under this section to any person on the basis of the wages and self-employment income of such employee."

(2) Except as provided in paragraph (3), the amendment made by subsection (a) of this section shall take effect September 1, 1950.

(2) Section 205 (m) of the Social Security Act is repealed effective with respect to monthly benefits under section 202 of the Social Security Act, as amended by this Act, for months after August 1950.

(3) Section 202 (j) (2) of the Social Security Act, as amended by this Act, shall take effect on the date of enactment of this Act.

(c) (1) Any individual entitled to primary insurance benefits or widow's current insurance benefits under section 202 of the Social Security Act as in effect prior to its amendment by this Act who would, but for the enactment of this Act, be entitled to such benefits for September 1950 shall be deemed to be entitled to old-age insurance benefits or mother's insurance benefits (as the case may be) under section 202 of the Social Security Act, as amended by this Act, as though such individual became entitled to such benefits in such month.

(2) Any individual entitled to any other monthly insurance benefits under section 202 of the Social Security Act as in effect prior to its amendment by this Act who would, but for the enactment of this Act, be entitled to such benefits for September 1950 shall be deemed to be entitled to such benefits under section 202 of the Social Security Act, as amended by this Act, as though such individual became entitled to such benefits in such month.
(3) Any individual who files application after August 1950 for monthly benefits under any subsection of section 202 of the Social Security Act who would, but for the enactment of this Act, be entitled to benefits under such subsection (as in effect prior to such enactment) for any month prior to September 1950 shall be deemed entitled to such benefits for such month prior to September 1950 to the same extent and in the same amounts as though this Act had not been enacted.

(d) Lump-sum death payments shall be made in the case of individuals who died prior to September 1950 as though this Act had not been enacted; except that in the case of any individual who died outside the forty-eight States and the District of Columbia after December 6, 1941, and prior to August 10, 1946, the last sentence of section 202 (g) of the Social Security Act as in effect prior to the enactment of this Act shall not be applicable if application for a lump-sum death payment is filed prior to September 1952.

MAXIMUM BENEFITS

SEC. 102. (a) So much of section 203 of the Social Security Act as precedes subsection (d) is amended to read as follows:

"REDUCTION OF INSURANCE BENEFITS"

"Maximum Benefits"

"Sec. 203. (a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual exceeds $150, or is more than $40 and exceeds 80 per centum of his average monthly wage (as determined under subsection (b) or (c) of section 215, whichever is applicable), such total of benefits shall, after any deductions under this section, be reduced to $150 or to 80 per centum of his average monthly wage, whichever is the lesser, but in no case to less than $40, except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child’s insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits shall, after any deductions under this section, be reduced to $150 or to 80 per centum of the sum of the average monthly wages of all such insured individuals, whichever is the lesser, but in no case to less than $40. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(b) The amendment made by subsection (a) of this section shall be applicable with respect to benefits for months after August 1950.

DEDUCTIONS FROM BENEFITS

SEC. 103. (a) Subsections (d), (e), (f), (g), and (h) of section 203 of the Social Security Act are amended to read as follows:

"Deductions on Account of Work or Failure To Have Child in Care"

"(b) Deductions, in such amounts and at such time or times as the Administrator shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the
total of such deductions equals such individual's benefit or benefits under section 202 for any month—

"(1) in which such individual is under the age of seventy-five and in which he rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than $50; or

"(2) in which such individual is under the age of seventy-five and for which month he is charged, under the provisions of subsection (e) of this section, with net earnings from self-employment of more than $50; or

"(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit; or

"(4) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or

"(5) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child, of her deceased former husband, who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.

"Deductions From Dependents' Benefits Because of Work by Old-Age Insurance Beneficiary

"(c) Deductions shall be made from any wife's, husband's, or child's insurance benefit to which a wife, husband, or child is entitled, until the total of such deductions equals such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month—

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-five and in which he rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than $50; or

"(2) in which the individual referred to in paragraph (1) is under the age of seventy-five and for which month he is charged, under the provisions of subsection (e) of this section, with net earnings from self-employment of more than $50.

"Occurrence of More Than One Event

"(d) If more than one of the events specified in subsections (b) and (c) occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of net earnings from self-employment to any month shall be treated as an event occurring in the month to which such net earnings are charged.

"Months to Which Net Earnings From Self-Employment Are Charged

"(e) For the purposes of subsections (b) and (c)—

"(1) If an individual's net earnings from self-employment for his taxable year are not more than the product of $50 times the number
of months in such year, no month in such year shall be charged with more than $50 of net earnings from self-employment.

"(2) If an individual's net earnings from self-employment for his taxable year are more than the product of $50 times the number of months in such year, each month of such year shall be charged with $50 of net earnings from self-employment, and the amount of such net earnings in excess of such product shall be further charged to months as follows: The first $50 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $50 per month to each preceding month in such year until all of such balance has been applied, except that no part of such excess shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which an event described in paragraph (1), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment.

"(3) (A) As used in paragraph (2), the term 'last month of such taxable year' means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

"(B) For the purposes of clause (D) of paragraph (2), an individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Administrator that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing his net earnings from self-employment for any taxable year. The Administrator shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"Penalty for Failure to Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event described in subsection (b) (2) or (c) (3)), shall report such occurrence to the Administrator prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred. Any such individual having knowledge thereof, who fails to report any such occurrence, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month.

"Report to Administrator of Net Earnings From Self-Employment

"(g) (1) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has net earnings from self-employment in excess of the product of $50 times the number of months in such year, such individual (or the individual who is in receipt
of such benefit on his behalf) shall make a report to the Administrator of
his net earnings from self-employment for such taxable year. Such report
shall be made on or before the fifteenth day of the third month following the
close of such year, and shall contain such information and be made in such
manner as the Administrator may by regulations prescribe. Such report
need not be made for any taxable year beginning with or after the month in
which such individual attained the age of seventy-five.

"(2) If an individual fails to make a report required under paragraph
(1), within the time prescribed therein, of his net earnings from self-
employment for any taxable year and any deduction is imposed under
subsection (b) (2) by reason of such net earnings—

(A) such individual shall suffer one additional deduction in an
amount equal to his benefit or benefits for the last month in such
taxable year for which he was entitled to a benefit under section 202;
and

(B) if the failure to make such report continues after the close of
the fourth calendar month following the close of such taxable year,
such individual shall suffer an additional deduction in the same
amount for each month during all or any part of which such failure
continues after such fourth month; except that the number of the additional deductions required by this para-
graph shall not exceed the number of months in such taxable year for which
such individual received and accepted insurance benefits under section 202
and for which deductions are imposed under subsection (b) (2) by reason
of such net earnings from self-employment. If more than one additional
deduction would be imposed under this paragraph with respect to a failure
by an individual to file a report required by paragraph (1) and such failure
is the first for which any additional deduction is imposed under this para-
graph, only one additional deduction shall be imposed with respect to such
first failure.

"(3) If the Administrator determines, on the basis of information
obtained by or submitted to him, that it may reasonably be expected that
an individual entitled to benefits under section 202 for any taxable year
will suffer deductions imposed under subsection (b) (2) by reason of his
net earnings from self-employment for such year, the Administrator may,
before the close of such taxable year, suspend the payment for each month
in such year (or for only such months as the Administrator may specify)
of the benefits payable on the basis of such individual’s wages and self-
employment income; and such suspension shall remain in effect with
respect to the benefits for any month until the Administrator has deter-
mined whether or not any deduction is imposed for such month under
subsection (b). The Administrator is authorized, before the close of the
taxable year of an individual entitled to benefits during such year, to
request of such individual that he make, at such time or times as the
Administrator may specify, a declaration of his estimated net earnings
from self-employment for the taxable year and that he furnish to the Ad-
ministrator such other information with respect to such net earnings as the
Administrator may specify. A failure by such individual to comply
with any such request shall in itself constitute justification for a determina-
tion under this paragraph that it may reasonably be expected that the
individual will suffer deductions imposed under subsection (b) (2) by
reason of his net earnings from self-employment for such year.
"Circumstances Under Which Deductions Not Required

"(h) Deductions by reason of subsection (b), (f), or (g) shall, notwithstanding the provisions of such subsection, be made from the benefits to which an individual is entitled only to the extent that they reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to him and the other individuals living in the same household.

"Deductions With Respect to Certain Lump Sum Payments

"(i) Deductions shall also be made from any old-age insurance benefit to which an individual is entitled, or from any other insurance benefit payable on the basis of such individual's wages and self-employment income, until such deductions total the amount of any lump sum paid to such individual under section 204 of the Social Security Act in force prior to the date of enactment of the Social Security Act Amendments of 1939.

"Attainment of Age Seventy-five

"(j) For the purposes of this section, an individual shall be considered as seventy-five years of age during the entire month in which he attains such age.

(b) The amendments made by this section shall take effect September 1, 1950, except that the provisions of subsections (d), (e), and (f) of section 9203 of the Social Security Act as in effect prior to the enactment of this Act shall be applicable for months prior to September 1950.

DEFINITIONS

Sec. 104. (a) Title II of the Social Security Act is amended by striking out section 209 and inserting in lieu thereof the following:

"DEFINITION OF WAGES

"Sec. 209. For the purposes of this title, the term 'wages' means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

"(a) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year, is paid to such individual during such calendar year;

"(b) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (1) retirement, or (2) sickness or accident
disability, or (3) medical or hospitalization expenses in connection with sickness or accident disability, or (4) death;

"(c) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

"(d) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

"(e) Any payment made to, or on behalf of, an employee or his beneficiary (1) from or to a trust exempt from tax under section 165 (a) of the Internal Revenue Code at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (2) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6) of such code;

"(f) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employee under section 1400 of the Internal Revenue Code, or (2) of any payment required from an employee under a State unemployment compensation law;

"(g) (1) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in the quarter for such service is less than $50 or the employee is not regularly employed by the employer in such quarter of payment. For the purposes of this paragraph, an employee shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during the quarter the employee performs for the employer for some portion of the day domestic service in a private home of the employer, or (B) the employee was regularly employed (as determined under clause (A)) by the employer in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);

"(h) Remuneration paid in any medium other than cash for agricultural labor;

"(i) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains retirement age (as defined in section 216 (a)), if he did not work for the employer in the period for which such payment is made; or

"(j) Remuneration paid by an employer in any quarter to an employee for service described in section 210 (k) (3) (c) (relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50.

"For purposes of this title, in the case of domestic service described in subsection (g) (2), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under
this title, be computed to the nearest dollar. For the purpose of the com-
putation to the nearest dollar, the payment of a fractional part of a dollar
shall be disregarded unless it amounts to one-half dollar or more, in which
case it shall be increased to $1. The amount of any payment of cash
remuneration so computed to the nearest dollar shall, in lieu of the amount
actually paid, be deemed to constitute the amount of cash remuneration
for purposes of subsection (g) (2).

"DEFINITION OF EMPLOYMENT"

"SEC. 210. For the purposes of this title—

"Employment"

"(a) The term 'employment' means any service performed after 1936
and prior to 1951 which was employment for the purposes of this title
under the law applicable to the period in which such service was performed,
and any service, of whatever nature, performed after 1950 either (A) by
an employee for the person employing him, irrespective of the citizenship
or residence of either, (i) within the United States, or (ii) on or in con-
nection with an American vessel or American aircraft under a contract
of service which is entered into within the United States or during the
performance of which and while the employee is employed on the vessel
or aircraft it touches at a port in the United States, if the employee is
employed on and in connection with such vessel or aircraft when outside
the United States, or (B) outside the United States by a citizen of the
United States as an employee for an American employer (as defined in
subsection (e)); except that, in the case of service performed after 1950,
such term shall not include—

"(1) (A) Agriculturallabor (as defined in subsection (f) of this
section) performed in any calendar quarter by an employee, unless
the cash remuneration paid for such labor (other than service de-
described in subparagraph (B) ) is $50 or more and such labor is per-
formed for an employer by an individual who is regularly employed
by such employer to perform such agricultural labor. For the pur-
poses of this subparagraph, an individual shall be deemed to be
regularly employed by an employer during a calendar quarter only
if—

"(i) such individual performs agricultural labor (other than
service described in subparagraph (B) ) for such employer on
a full-time basis on sixty days during such quarter, and

"(ii) the quarter was immediately preceded by a qualifying
quarter.

For the purposes of the preceding sentence, the term 'qualifying
quarter' means (I) any quarter during all of which such individual
was continuously employed by such employer, or (II) any subse-
quent quarter which meets the test of clause (i) if, after the last
quarter during all of which such individual was continuously em-
ployed by such employer, each intervening quarter met the test of
clause (i). Notwithstanding the preceding provisions of this sub-
paragraph, an individual shall also be deemed to be regularly em-
ployed by an employer during a calendar quarter if such individual
was regularly employed (upon application of clauses (i) and (ii) )
by such employer during the preceding calendar quarter.
“(B) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton;

“(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

“(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (f); (5);

“(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

“(5) Service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;

“(6) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 1410 of the Internal Revenue Code by virtue of any provision of law which specifically refers to such section in granting such exemption;

“(7) (A) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

“(B) Service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—

“(i) service performed in the employ of a corporation which is wholly owned by the United States;

“(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

“(iii) service performed in the employ of a State, county, or community committee under the Production and Marketing Administration; or
“(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense; at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department;

“(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

“(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner, of or to the Congress;

“(ii) in the legislative branch;

“(iii) in the field service of the Post Office Department unless performed by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;

“(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;

“(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

“(vi) by any individual as an employee receiving nominal compensation of $12 or less per annum;

“(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

“(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U. S. C., sec. 951);

“(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

“(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

“(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

“(xii) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

“(xiii) by an individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;
“(8) Service (other than service included under an agreement under section 218 and other than service which, under subsection (l), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

“(9) (A) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

“(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) of the Internal Revenue Code, is in effect if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section 1426 (l), or (ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;

“(10) Service performed by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;

“(11) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code, if the remuneration for such service is less than $50;

“(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

“(12) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

“(13) Service performed in the employ of an instrumentality wholly owned by a foreign government—

“(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

“(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

“(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

“(15) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal
and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);

"(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

"(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or

"(17) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669).

"Included and Excluded Service

"(b) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term 'pay period' means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (10) of subsection (a).

"American Vessel

"(c) The term 'American vessel' means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

"American Aircraft

"(d) The term 'American aircraft' means an aircraft registered under the laws of the United States.
"American Employer"

"(e) The term ‘American employer’ means an employer which is (1) the United States or any instrumentality thereof, (2) a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing, (3) an individual who is a resident of the United States, (4) a partnership, if two-thirds or more of the partners are residents of the United States, (5) a trust, if all of the trustees are residents of the United States, or (6) a corporation organized under the laws of the United States or of any State.

"Agricultural Labor"

"(f) The term ‘agricultural labor’ includes all service performed—

"(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

"(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

"(3) In connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

"(4) (A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed.

"(B) In the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For the purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than twenty at any time during the calendar quarter in which such service is performed.

"(5) On a farm operated for profit if such service is not in the course of the employer’s trade or business or is domestic service in a private home of the employer.

The provisions of subparagraphs (A) and (B) of paragraph (4) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection
with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

"Farm"

"(g) The term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

"State"

"(h) The term 'State' includes Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

"United States"

"(i) The term 'United States' when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

"Citizen of Puerto Rico"

"(j) An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States shall not be considered, for the purposes of this section, as a citizen of the United States prior to the effective date specified in section 219.

"Employee"

"(k) The term 'employee' means—

"(1) any officer of a corporation; or

"(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or

"(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

"(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

"(B) as a full-time life insurance salesman;

"(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed; or

"(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his prin-
principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;

if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term 'employee' under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.

"Covered Transportation Service"

"(1) Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

"(2) Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

"(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and substantially all service in connection with the operation of the transportation system is, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

"(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951; except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

"(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

"(D) prior to such acquisition rendered service in employment in connection with the operation of such part of the transportation system acquired by the State or political subdivision, the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

"(3) All service performed in the employ of a State or political subdivision thereof in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation
system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

"(4) For the purposes of this subsection—

"(A) The term 'general retirement system' means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

"(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired constituted employment under this title, and some of such employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

"(C) The term 'political subdivision' includes an instrumentality of (i) a State, (ii) one or more political subdivisions of a State, or (iii) a State and one or more of its political subdivisions.

"SELF-EMPLOYMENT

"Sec. 211. For the purposes of this title—

"Net Earnings From Self-Employment

"(a) The term 'net earnings from self-employment' means the gross income, as computed under chapter 1 of the Internal Revenue Code, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183 of such code, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—

"(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;

"(2) There shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f); and there shall be excluded all deductions attributable to such income;

"(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 25 (a) of the Internal Revenue Code) are
received in the course of a trade or business as a dealer in stocks or securities;

“(4) There shall be excluded any gain or loss (A) which is considered under chapter 1 of the Internal Revenue Code as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) of such code is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale to customers in the ordinary course of the trade or business;

“(5) The deduction for net operating losses provided in section 23 (s) of such code shall not be allowed;

“(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;

“(B) If any portion of a partner's distributive share of the ordinary net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

“(7) In the case of any taxable year beginning on or after the effective date specified in section 219, (A) the term ‘possession of the United States’ as used in section 251 of the Internal Revenue Code shall not include Puerto Rico, and (B) a citizen or resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States and without regard to the provisions of section 252 of such code.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to 1961) ending within or with his taxable year.

“Self-Employment Income

“(b) The term ‘self-employment income’ means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after 1950; except that such term shall not include—

“(1) That part of the net earnings from self-employment which is in excess of: (A) $3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or
"(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

In the case of any taxable year beginning prior to the effective date specified in section 219, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States during such taxable year shall be considered, for the purposes of this subsection, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 219) a resident of Puerto Rico shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.

"Trade or Business

"(c) The term 'trade or business', when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23 of the Internal Revenue Code, except that such term shall not include—

"(1) The performance of the functions of a public office;

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (16) (B) performed by an individual who has attained the age of eighteen);

"(3) The performance of service by an individual or employee representative as defined in section 1532 of the Internal Revenue Code;

"(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or

"(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of such service by a partnership.

"Partnership and Partner

"(d) The term 'partnership' and the term 'partner' shall have the same meaning as when used in supplement F of chapter 1 of the Internal Revenue Code.

"Taxable Year

"(e) The term 'taxable year' shall have the same meaning as when used in chapter 1 of the Internal Revenue Code; and the taxable year of any individual shall be a calendar year unless he has a different taxable year for the purposes of chapter 1 of such code, in which case his taxable year for the purposes of this title shall be the same as his taxable year under such chapter 1.
"CREDITING OF SELF-EMPLOYMENT INCOME TO 'CALENDAR' QUARTERS"

"Sec. 212. For the purposes of determining average monthly wage and quarters of coverage the amount of self-employment income derived during any taxable year shall be credited to calendar quarters as follows:

(a) In the case of a taxable year which is a calendar year the self-employment income of such taxable year shall be credited equally to each quarter of such calendar year.

(b) In the case of any other taxable year the self-employment income shall be credited equally to the calendar quarter in which such taxable year ends and to each of the next three or fewer preceding quarters any part of which is in such taxable year.

"QUARTER AND QUARTER OF COVERAGE"

"Definitions"

"Sec. 213. (a) For the purposes of this title—

(i) The term 'quarter', and the term 'calendar quarter', mean a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(ii) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages. In the case of any individual who has been paid, in a calendar year prior to 1951, $2,000 or more in wages each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled.

(iii) The term 'quarter of coverage' means, in the case of a quarter occurring after 1950, a quarter in which the individual has been paid $50 or more in wages or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage;

(ii) if the wages paid to any individual in a calendar year equal or exceed $3,600, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such taxable year equals $3,600, each quarter any part of which falls in such year shall be a quarter of coverage; and

(iv) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

"Crediting of Wages Paid in 1937"

"(b) With respect to wages paid to an individual in the six-month periods commencing either January 1, 1937, or July 1, 1937; (A) if wages of not less than $100 were paid in any such period, one-half of the total amount thereof shall be deemed to have been paid in each of the calendar quarters in such period; and (B) if wages of less than $100 were paid in any such period, the total amount thereof shall be deemed to have been paid in the latter quarter of such period, except that if in any
such period, the individual attained age sixty-five, all of the wages paid in such period shall be deemed to have been paid before such age was attained.

**INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS**

"Sec. 214. For the purposes of this title—

"Fully Insured Individual"

"(a) (1) In the case of any individual who died prior to September 1, 1950, the term 'fully insured individual' means any individual who had not less than one quarter of coverage (whenever acquired) for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage.

"(2) In the case of any individual who did not die prior to September 1, 1950, the term 'fully insured individual' means any individual who had not less than—

"(A) one quarter of coverage (whether acquired before or after such day) for each two of the quarters elapsing after 1950, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage; or

"(B) forty quarters of coverage.

"(3) When the number of elapsed quarters specified in paragraph (1) or (2) (A) is an odd number, for purposes of such paragraph such number shall be reduced by one.

"Currently Insured Individual"

"(b) The term 'currently insured individual' means any individual who had not less than six quarters of coverage during the thirteen-quarter period ending with (1) the quarter in which he died, (2) the quarter in which he became entitled to old-age insurance benefits, or (3) the quarter in which he became entitled to primary insurance benefits under this title as in effect prior to the enactment of this section.

"COMPUTATION OF PRIMARY INSURANCE AMOUNT"

"Sec. 215. For the purposes of this title—

"Primary Insurance Amount"

"(a) (1) The primary insurance amount of an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage shall be 50 per centum of the first $100 of his average monthly wage plus 15 per centum of the next $200 of such wage; except that if his average monthly
wage is less than $50, his primary insurance amount shall be the amount appearing in column II of the following table on the line on which in column I appears his average monthly wage.

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<thead>
<tr>
<th>Average Monthly Wage</th>
<th>Primary Insurance Amount</th>
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<td>$30 or less</td>
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<td>$34 to $49</td>
<td>$24, $25</td>
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</tbody>
</table>

"(2) The primary insurance amount of an individual who attained age twenty-two prior to 1951 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage shall be whichever of the following is the larger—

"(A) the amount computed as provided in paragraph (1) of this subsection; or

"(B) the amount determined under subsection (c).

"(3) The primary insurance amount of any other individual shall be the amount determined under subsection (c).

"Average Monthly Wage

"(b) (1) An individual's "average monthly wage" shall be the quotient obtained by dividing the total of—

"(A) his wages after his starting date (determined under paragraph (2)) and prior to his wage closing date (determined under paragraph (3)), and

"(B) his self-employment income after such starting date and prior to his self-employment income closing date (determined under paragraph (3))

by the number of months elapsing after such starting date and prior to his divisor closing date (determined under paragraph (3)) excluding from such elapsed months any month in any quarter prior to the quarter in which he attained the age of twenty-two which was not a quarter of coverage, except that when the number of such elapsed months thus computed is less than eighteen, it shall be increased to eighteen.

"(2) An individual's 'starting date' shall be December 31, 1950, or, if later, the day preceding the quarter in which he attained the age of twenty-two, whichever results in the higher average monthly wage.

"(3) (A) Except to the extent provided in paragraph (D), an individual's 'wage closing date' shall be the first day of the second quarter preceding the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred.

"(B) Except to the extent provided in paragraph (D), an individual's 'self-employment income closing date' shall be the day following the quarter in which ends his last taxable year (i) which ended before the month in which he died or became entitled to old-age insurance benefits, whichever first occurred, and (ii) during which he derived self-employment income.

"(C) Except to the extent provided in paragraph (D), an individual's 'divisor closing date' shall be the later of his wage closing date and his self-employment income closing date.
“(D) In the case of an individual who died or became entitled to old-age insurance benefits after the first quarter in which he both was fully insured and had attained retirement age, the determination of his closing dates shall be made as though he became entitled to old-age insurance benefits in such first quarter, but only if it would result in a higher average monthly wage for such individual.

“(4) Notwithstanding the preceding provisions of this subsection, in computing an individual's average monthly wage, there shall not be taken into account any self-employment income of such individual for taxable years ending in or after the month in which he died or became entitled to old-age insurance benefits, whichever first occurred.

“Determinations Made by Use of the Conversion Table

“(c) (1) The amount referred to in paragraph (3) and clause (B) of paragraph (2) of subsection (a) for an individual shall be the amount appearing in column II of the following table on the line on which in column I appears his primary insurance benefit (determined as provided in subsection (d)); and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing on such line in column III.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

<table>
<thead>
<tr>
<th>I</th>
<th>II</th>
<th>III</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the primary insurance benefit (as determined under subsection (d)) is:</td>
<td>The primary insurance amount shall be:</td>
<td>And the average monthly wage for purpose of computing maximum benefits shall be:</td>
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<tr>
<td>$46</td>
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</tbody>
</table>
“(2) In case the primary insurance benefit of an individual (determined as provided in subsection (d)) falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraph (3) and clause (B) of paragraph (2) of subsection (a) for such individual, and his average monthly wage for purposes of section 203 (a), shall be determined in accordance with regulations of the Administrator designed to obtain results consistent with those obtained for individuals whose primary insurance benefits are shown in column I of the table.

“(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Administrator is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

“Primary Insurance Benefit for Purposes of Conversion Table

“(d) For the purposes of subsection (e), the primary insurance benefits of individuals shall be determined as follows:

“(1) In the case of any individual who was entitled to a primary insurance benefit for August 1950, his primary insurance benefit shall, except as provided in paragraph (2), be the primary insurance benefit to which he was so entitled.

“(2) In the case of any individual to whom paragraph (1) is applicable and who is a World War II veteran or in August 1950 rendered services for wages of $15 or more, his primary insurance benefit shall be whichever of the following is larger: (A) the primary insurance benefit to which he was entitled for August 1950, or (B) his primary insurance benefit for August 1950 recomputed, under section 209 (q) of the Social Security Act as in effect prior to the enactment of this section, in the same manner as if such individual had filed application for and was entitled to a recomputation for August 1950, except that in making such recomputation section 217 (a) shall be applicable if such individual is a World War II veteran.

“(3) In the case of any individual who died prior to September 1950, his primary insurance benefit shall be determined as provided in this title as in effect prior to the enactment of this section, except that section 217 (a) shall be applicable, in lieu of section 210 of this Act as in effect prior to the enactment of this section, but only if it results in a larger primary insurance benefit.

“(4) In the case of any other individual, his primary insurance benefit shall be computed as provided in this title as in effect prior to the enactment of this section, except that—

“(A) In the computation of such benefit, such individual’s average monthly wage shall (in lieu of being determined under section 209 (f) of such title as in effect prior to the enactment of this section) be determined as provided in subsection (b) of this section, except that his starting date shall be December 31, 1936.

“(B) For purposes of such computation, the date he became entitled to old-age insurance benefits shall be deemed to be the date he became entitled to primary insurance benefits.

“(C) The 1 per centum addition provided for in section 209 (e) (2) of this Act as in effect prior to the enactment of this section shall be applicable only with respect to calendar years prior to 1951.

“(D) The provisions of subsection (e) shall be applicable to such computation.
"Certain Wages and Self-Employment Income Not To Be Counted

"(e) For the purposes of subsection (b) and (d) (4)—

"(1) in computing an individual’s average monthly wage there shall not be counted, in the case of any calendar year after 1950, the excess over $3,600 of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and

"(2) if an individual’s average monthly wage computed under subsection (b) or for the purposes of subsection (d) (4) is not a multiple of $1, it shall be reduced to the next lower multiple of $1.

"Recomputation of Benefits

"(f) (1) After an individual’s primary insurance amount has been determined under this section, there shall be no recomputation of such individual’s primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who died prior to July 27, 1954, as provided in section 217 (b).

"(2) Upon application by an individual entitled to old-age insurance benefits, the Administrator shall recompute his primary insurance amount if application therefor is filed after the twelfth month for which deductions under paragraph (1) or (2) of section 203 (b) have been imposed (within a period of thirty-six months) with respect to such benefit, not taking into account any month prior to September 1950 or prior to the earliest month for which the last previous computation of his primary insurance amount was effective, and if not less than six of the quarters elapsing after 1950 and prior to the quarter in which he filed such application are quarters of coverage. A recomputation under this paragraph shall be made only as provided in subsection (a) (1) and shall take into account only such wages and self-employment income as would be taken into account under subsection (b) if the month in which application for recomputation is filed were deemed to be the month in which the individual became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the month in which such application for recomputation is filed.

"(3) (A) Upon application by an individual entitled to old-age insurance benefits, filed at least six months after the month in which he became so entitled, the Administrator shall recompute his primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount except that his closing dates for purposes of subsection (b) shall be deemed to be the first day of the quarter in which he became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits.

"(B) Upon application by a person entitled to monthly benefits on the basis of the wages and self-employment income of an individual who died after August 1950, the Administrator shall recompute such individual’s primary insurance amount if such application is filed at least six months after the month in which such individual died or became entitled to old-age insurance benefits, whichever first occurred. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount except that his closing dates for purposes of subsection (b) shall be deemed to be the first day of the quarter
in which he died or became entitled to old-age insurance benefits, whichever first occurred. Such recomputation shall be effective for and after the month in which such person who filed the application for recomputation became entitled to such monthly benefits. No recomputation under this paragraph shall affect the amount of the lump-sum death payment under subsection (i) of section 202 and no such recomputation shall render erroneous any such payment certified by the Administrator prior to the effective date of the recomputation.

"(4) Upon the death after August 1950 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Administrator shall recomputation the decedent's primary insurance amount, but (except as provided in paragraph (3) (B)) only if—

"(A) the decedent would have been entitled to a recomputation under paragraph (2) if he had filed application therefor in the month in which he died; or

"(B) the decedent during his lifetime was paid compensation which is treated, under section 205 (o), as remuneration for employment.

If the recomputation is permitted by subparagraph (A), the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the divisor closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B), the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the divisor closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made.

"(5) Any recomputation under this subsection shall be effective only if such recomputation results in a higher primary insurance amount.

"Rounding of Benefits

"(g) The amount of any primary insurance amount and the amount of any monthly benefit computed under section 202 which (after reduction under section 203 (a)) is not a multiple of $0.10 shall be raised to the next higher multiple of $0.10.

"OTHER DEFINITIONS

"Sec. 216. For the purposes of this title—

"Retirement Age

"(a) The term 'retirement age' means age sixty-five.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

"Wife"

"(b) The term 'wife' means the wife of an individual, but only if she (1) is the mother of his son or daughter, or (2) was married to him for a period of not less than three years immediately preceding the day on which her application is filed.

"Widow"

"(c) The term 'widow' (except when used in section 202 (i)) means the surviving wife of an individual, but only if she (1) is the mother of his son or daughter, (2) legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) was married to him at the time both of them legally adopted a child under the age of eighteen, or (4) was married to him for a period of not less than one year immediately prior to the day on which he died.

"Former Wife Divorced"

"(d) The term 'former wife divorced' means a woman divorced from an individual, but only if she (1) is the mother of his son or daughter, (2) legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, or (3) was married to him at the time both of them legally adopted a child under the age of eighteen.

"Child"

"(e) The term 'child' means (1) the child of an individual, and (2) in the case of a living individual, a stepchild or adopted child who has been such stepchild or adopted child for not less than three years immediately preceding the day on which application for child's benefits is filed, and (3) in the case of a deceased individual, (A) an adopted child, or (B) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which such individual died. In determining whether an adopted child has met the length of time requirement in clause (3), time spent in the relationship of stepchild shall be counted as time spent in the relationship of adopted child.

"Husband"

"(f) The term 'husband' means the husband of an individual, but only if he (1) is the father of her son or daughter, or (2) was married to her for a period of not less than three years immediately preceding the day on which his application is filed.

"Widower"

"(g) The term 'widower' (except when used in section 202 (i)) means the surviving husband of an individual, but only if he (1) is the father of her son or daughter, (2) legally adopted her son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (3) was married to her at the time both of them legally adopted a child under the age of eighteen, or (4) was married to her for a period of not less than one year immediately prior to the day on which she died."
"Determination of Family Status"

"(h) (1) In determining whether an applicant is the wife, husband, widow, widower, child, or parent of a fully insured or currently insured individual for purposes of this title, the Administrator shall apply such law as would be applied in determining the devolution of intestate personal property by the courts of the State in which such insured individual is domiciled at the time such applicant files application, or, if such insured individual is dead, by the courts of the State in which he was domiciled at the time of his death, or if such insured individual is or was not so domiciled in any State, by the courts of the District of Columbia. Applicants who according to such law would have the same status relative to taking intestate personal property as a wife, husband, widow, widower, child, or parent shall be deemed such.

"(2) A wife shall be deemed to be living with her husband if they are both members of the same household, or she is receiving regular contributions from him toward her support, or he has been ordered by any court to contribute to her support; and a widow shall be deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by any court to contribute to her support.

"(3) A husband shall be deemed to be living with his wife if they are both members of the same household, or he is receiving regular contributions from her toward his support, or she has been ordered by any court to contribute to his support; and a widower shall be deemed to have been living with his wife at the time of her death if they were both members of the same household on the date of her death, or he was receiving regular contributions from her toward his support on such date, or she had been ordered by any court to contribute to his support."

(b) The amendment made by subsection (a) shall take effect January 1, 1951, except that sections 214, 215, and 216 of the Social Security Act shall be applicable (1) in the case of monthly benefits for months after August 1950, and (2) in the case of lump-sum death payments with respect to deaths after August 1950.

WORLD WAR II VETERANS

Sec. 105. Effective September 1, 1950, title II of the Social Security Act is amended by striking out section 210 and by adding after section 216 (added by section 104 (a) of this Act) the following:

"BENEFITS IN CASE OF WORLD WAR II VETERANS"

"Sec. 217. (a) (1) For purposes of determining entitlement to and the amount of any monthly benefit for any month after August 1950, or entitlement to and the amount of any lump-sum death payment in case of a death after such month, payable under this title on the basis of the wages and self-employment income of any World War II veteran, such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of $160 in each month during any part of which he served in the active military or naval service of the United States.
SOCIAL SECURITY ACT AMENDMENTS OF 1950 41
during World War II. This subsection shall not be applicable in the
case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would
be payable without its application; or

(B) a benefit (other than a benefit payable in a lump sum unless
it is a commutation of, or a substitute for, periodic payments) which
is based, in whole or in part, upon the active military or naval service
of such veteran during World War II is determined by any agency
or wholly owned instrumentality of the United States (other than the
Veterans' Administration) to be payable by it under any other law
of the United States or under a system established by such agency
or instrumentality.

(2) Upon application for benefits or a lump-sum death payment on
the basis of the wages and self-employment income of any World War II
veteran, the Federal Security Administrator shall make a decision without
regard to clause (B) of paragraph (1) of this subsection unless he has been
notified by some other agency or instrumentality of the United States that,
on the basis of the military or naval service of such veteran during World
War II, a benefit described in clause (B) of paragraph (1) has been deter-
mined by such agency or instrumentality to be payable by it. If he has
not been so notified, the Federal Security Administrator shall then ascer-
tain whether some other agency or wholly owned instrumentality of the
United States has decided that a benefit described in clause (B) of para-
graph (1) is payable by it. If any such agency or instrumentality has
decided, or thereafter decides, that such a benefit is payable by it, it shall
so notify the Federal Security Administrator, and the Administrator shall
certify no further benefits for payment or shall recompute the amount of
any further benefits payable, as may be required by paragraph (1) of this
subsection.

(3) Any agency or wholly owned instrumentality of the United States
which is authorized by any law of the United States to pay benefits, or
has a system of benefits which are based, in whole or in part, on military
or naval service during World War II shall, at the request of the Federal
Security Administrator, certify to him, with respect to any veteran, such
information as the Administrator deems necessary to carry out his func-
tions under paragraph (2) of this subsection.

(b) (1) Any World War II veteran who died during the period of
three years immediately following his separation from the active military
or naval service of the United States shall be deemed to have died a fully
insured individual whose primary insurance amount is the amount de-
termined under section 215 (c). Notwithstanding section 215 (d), the
primary insurance benefit (for purposes of section 215 (c)) of such veteran
shall be determined as provided in this title as in effect prior to the enact-
ment of this section, except that the 1 per centum addition provided for in
section 209 (e) (2) of this Act as in effect prior to the enactment of this
section shall be applicable only with respect to calendar years prior to 1951.
This subsection shall not be applicable in the case of any monthly benefit
or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would
be payable without its application;

(B) any pension or compensation is determined by the Veterans' 
Administration to be payable by it on the basis of the death of such
veteran;
“(C) the death of the veteran occurred while he was in the active military or naval service of the United States; or
“(D) such veteran has been discharged or released from the active military or naval service of the United States subsequent to July 26, 1951.
“(2) Upon an application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any World War II veteran, the Federal Security Administrator shall make a decision without regard to paragraph (1) (B) of this subsection unless he has been notified by the Veterans' Administration that pension or compensation is determined to be payable by the Veterans' Administration by reason of the death of such veteran. The Federal Security Administrator shall thereupon report such decision to the Veterans' Administration. If the Veterans' Administration in any such case has made an adjudication or thereafter makes an adjudication that any pension or compensation is payable under any law administered by it, it shall notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment, or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection. Any payments theretofore certified by the Federal Security Administrator on the basis of paragraph (1) of this subsection to any individual, not exceeding the amount of any accrued pension or compensation payable to him by the Veterans' Administration, shall (notwithstanding the provisions of section 3 of the Act of August 12, 1935, as amended (38 U. S. C., sec. 454a)) be deemed to have been paid to him by such Administration on account of such accrued pension or compensation. No such payment certified by the Federal Security Administrator, and no payment certified by him for any month prior to the first month for which any pension or compensation is paid by the Veterans' Administration shall be deemed by reason of this subsection to have been an erroneous payment.
“(c) In the case of any World War II veteran to whom subsection (a) is applicable, proof of support required under section 202 (h) may be filed by a parent at any time prior to July 1951 or prior to the expiration of two years after the date of the death of such veteran, whichever is the later.
“(d) For the purposes of this section—
“(1) The term 'World War II' means the period beginning with September 16, 1940, and ending at the close of July 24, 1947.
“(2) The term 'World War II veteran' means any individual who served in the active military or naval service of the United States at any time during World War II and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.”
SEC. 106. Title II of the Social Security Act is amended by adding after section 217 (added by section 105 of this Act) the following:

"VOLUNTARY AGREEMENTS FOR COVERAGE OF STATE AND LOCAL EMPLOYEES"

"Purpose of Agreement"

"SEC. 218. (a) (1) The Administrator shall, at the request of any State, enter into an agreement with such State for the purpose of extending the insurance system established by this title to services performed by individuals as employees of such State or any political subdivision thereof. Each such agreement shall contain such provisions, not inconsistent with the provisions of this section, as the State may request."

"(2) Notwithstanding section 210 (a), for the purposes of this title the term 'employment' includes any service included under an agreement entered into under this section."

"Definitions"

"(b) For the purposes of this section—"

"(1) The term 'State' does not include the District of Columbia."

"(2) The term 'political subdivision' includes an instrumentality of (A) a State, (B) one or more political subdivisions of a State, or (C) a State and one or more of its political subdivisions."

"(3) The term 'employee' includes an officer of a State or political subdivision."

"(4) The term 'retirement system' means a pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof."

"(5) The term 'coverage group' means (A) employees of the State other than those engaged in performing service in connection with a proprietary function; (B) employees of a political subdivision of a State other than those engaged in performing service in connection with a proprietary function; (C) employees of a State engaged in performing service in connection with a single proprietary function; or (D) employees of a political subdivision of a State engaged in performing service in connection with a single proprietary function. If under the preceding sentence an employee would be included in more than one coverage group by reason of the fact that he performs service in connection with two or more proprietary functions or in connection with both a proprietary function and a nonproprietary function, he shall be included in only one such coverage group. The determination of the coverage group in which such employee shall be included shall be made in such manner as may be specified in the agreement."

"Services Covered"

"(c) (1) An agreement under this section shall be applicable to any one or more coverage groups designated by the State."

"(2) In the case of each coverage group to which the agreement applies, the agreement must include all services (other than services excluded by or
pursuant to subsection (d) or paragraph (3), (5), or (6) of this subsection) performed by individuals as members of such group.

"(5) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any services of an emergency nature or all services in any class or classes of elective positions, part-time positions, or positions the compensation for which is on a fee basis.

"(6) The Administrator shall, at the request of any State, modify the agreement with such State so as to (A) include any coverage group to which the agreement did not previously apply, or (B) include, in the case of any coverage group to which the agreement applies, services previously excluded from the agreement; but the agreement as so modified may not be inconsistent with the provisions of this section applicable in the case of an original agreement with a State.

"(6) Such agreement shall exclude—

"(A) service performed by an individual who is employed to relieve him from unemployment,

"(B) service performed in a hospital, home, or other institution by a patient or inmate thereof,

"(C) covered transportation service (as determined under section 210 (I)), and

"(D) service (other than agricultural labor or service performed by a student) which is excluded from employment by any provision of section 210 (a) other than paragraph (8) of such section.

"Exclusion of Positions Covered by Retirement Systems

"(d) No agreement with any State may be made applicable (either in the original agreement or by any modification thereof) to any service performed by employees as members of any coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group.

"Payments and Reports by States

"(e) Each agreement under this section shall provide—

"(1) that the State will pay to the Secretary of the Treasury, at such time or times as the Administrator may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 1400 and 1410 of the Internal Revenue Code if the services of employees covered by the agreement constituted employment as defined in section 1426 of such code; and

"(2) that the State will comply with such regulations relating to payments and reports as the Administrator may prescribe to carry out the purposes of this section.

"Effective Date of Agreement

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective
date specified in such agreement or modification, but in no case prior to January 1, 1951, and in no case (other than in the case of an agreement or modification agreed to prior to January 1, 1953) prior to the first day of the calendar year in which such agreement or modification, as the case may be, is agreed to by the Administrator and the State.

"Termination of Agreement"

"(g) (1) Upon giving at least two years' advance notice in writing to the Administrator, a State may terminate, effective at the end of a calendar quarter specified in the notice, its agreement with the Administrator either—

"(A) in its entirety, but only if the agreement has been in effect from its effective date for not less than five years prior to the receipt of such notice; or

"(B) with respect to any coverage group designated by the State, but only if the agreement has been in effect with respect to such coverage group for not less than five years prior to the receipt of such notice.

"(2) If the Administrator, after reasonable notice and opportunity for hearing to a State with whom he has entered into an agreement pursuant to this section, finds that the State has failed or is no longer legally able to comply substantially with any provision of such agreement or of this section, he shall notify such State that the agreement will be terminated in its entirety, or with respect to any one or more coverage groups designated by him, at such time, not later than two years from the date of such notice, as he deems appropriate, unless prior to such time he finds that there no longer is any such failure or that the cause for such legal inability has been removed.

"(3) If any agreement entered into under this section is terminated in its entirety, the Administrator and the State may not again enter into an agreement pursuant to this section. If any such agreement is terminated with respect to any coverage group, the Administrator and the State may not thereafter modify such agreement so as to again make the agreement applicable with respect to such coverage group.

"Deposits in Trust Fund; Adjustments"

"(h) (1) All amounts received by the Secretary of the Treasury under an agreement made pursuant to this section shall be deposited in the Trust Fund.

"(2) If more or less than the correct amount due under an agreement made pursuant to this section is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be prescribed by regulations of the Administrator.

"(3) If an overpayment cannot be adjusted under paragraph (2), the amount thereof and the time or times it is to be paid shall be certified by the Administrator to the Managing Trustee, and the Managing Trustee, through the Fiscal Service of the Treasury Department and prior to any
action thereon by the General Accounting Office, shall make payment in accordance with such certification. The Managing Trustee shall not be held personally liable for any payment or payments made in accordance with a certification by the Administrator.

"Regulations"

"(i) Regulations of the Administrator to carry out the purposes of this section shall be designed to make the requirements imposed on States pursuant to this section the same, so far as practicable, as those imposed on employers pursuant to this title and subchapter A or E of chapter 9 of the Internal Revenue Code.

"Failure To Make Payments"

"(j) In case any State does not make, at the time or times due, the payments provided for under an agreement pursuant to this section, there shall be added, as part of the amounts due, interest at the rate of 6 per centum per annum from the date due until paid, and the Administrator may, in his discretion, deduct such amounts plus interest from any amounts certified by him to the Secretary of the Treasury for payment to such State under any other provision of this Act. Amounts so deducted shall be deemed to have been paid to the State under such other provision of this Act. Amounts equal to the amounts deducted under this subsection are hereby appropriated to the Trust Fund.

"Instrumentalities of Two or More States"

"(k) The Administrator may, at the request of any instrumentality of two or more States, enter into an agreement with such instrumentality for the purpose of extending the insurance system established by this title to services performed by individuals as employees of such instrumentality. Such agreement, to the extent practicable, shall be governed by the provisions of this section applicable in the case of an agreement with a State.

"Delegation of Functions"

"(l) The Administrator is authorized, pursuant to agreement with the head of any Federal agency, to delegate any of his functions under this section to any officer or employee of such agency and otherwise to utilize the services and facilities of such agency in carrying out such functions, and payment therefor shall be in advance or by way of reimbursement, as may be provided in such agreement."

PUERTO RICO

SEC. 107. Title II of the Social Security Act is amended by adding after section 218 (added by section 106 of this Act) the following:

"EFFECTIVE DATE IN CASE OF PUERTO RICO"

"Sec. 219. If the Governor of Puerto Rico certifies to the President of the United States that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of this title, the effective date referred to in sections 210 (h), 210 (i),
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210 (j), 211 (a) (7), and 211 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification.”

RECORDS OF WAGES AND SELF-EMPLOYMENT INCOME

Sec. 108. (a) Subsection (b) of section 205 of the Social Security Act is amended by inserting “former wife divorced, husband, widower,” after “widow.”

(b) Subsection (c) of section 205 of the Social Security Act is amended to read as follows:

“(c) (1) For the purposes of this subsection—

“(A) The term ‘year’ means a calendar year when used with respect to wages and a taxable year (as defined in section 211 (e)) when used with respect to self-employment income.

“(B) The term ‘time limitation’ means a period of three years, two months, and fifteen days.

“(C) The term ‘survivor’ means an individual’s spouse, former wife divorced, child, or parent, who survives such individual.

“(2) On the basis of information obtained by or submitted to the Administrator, and after such verification thereof as he deems necessary, the Administrator shall establish and maintain records of the amounts of wages paid to, and the amounts of self-employment income derived by, each individual and of the periods in which such wages were paid and such income was derived and, upon request, shall inform any individual or his survivor, or the legal representative of such individual or his estate, of the amounts of wages and self-employment income of such individual and the periods during which such wages were paid and such income was derived, as shown by such records at the time of such request.

“(3) The Administrator’s records shall be evidence for the purpose of proceedings before the Administrator or any court of the amounts of wages paid to, and self-employment income derived by, an individual and of the periods in which such wages were paid and such income was derived. The absence of an entry in such records as to wages alleged to have been paid to, or as to self-employment income alleged to have been derived by, an individual in any period shall be evidence that no such alleged wages were paid to, or that no such alleged income was derived by, such individual during such period.

“(4) Prior to the expiration of the time limitation following any year the Administrator may, if it is brought to his attention that any entry of wages or self-employment income in his records for such year is erroneous or that any item of wages or self-employment income for such year has been omitted from such records, correct such entry or include such omitted item in his records, as the case may be. After the expiration of the time limitation following any year—

“(A) the Administrator’s records (with changes, if any, made pursuant to paragraph (5)) of the amounts of wages paid to, and self-employment income derived by, an individual during any period in such year shall be conclusive for the purposes of this title;

“(B) the absence of an entry in the Administrator’s records as to the wages alleged to have been paid by an employer to an individual during any period in such year shall be presumptive evidence for the purposes of this title that no such alleged wages were paid to such individual in such period; and
"(C) the absence of an entry in the Administrator's records as to the self-employment income alleged to have been derived by an individual in such year shall be conclusive for the purposes of this title that no such alleged self-employment income was derived by such individual in such year unless it is shown that he filed a tax return of his self-employment income for such year before the expiration of the time limitation following such year, in which case the Administrator shall include in his records the self-employment income of such individual for such year.

"(5) After the expiration of the time limitation following any year in which wages were paid or alleged to have been paid to, or self-employment income was derived or alleged to have been derived by, an individual, the Administrator may change or delete any entry with respect to wages or self-employment income in his records of such year for such individual or include in his records of such year for such individual any omitted item of wages or self-employment income but only—

"(A) if an application for monthly benefits or for a lump-sum death payment was filed within the time limitation following such year; except that no such change, deletion, or inclusion may be made pursuant to this subparagraph after a final decision upon the application for monthly benefits or lump-sum death payment;

"(B) if within the time limitation following such year an individual or his survivor makes a request for a change or deletion, or for an inclusion of an omitted item, and alleges in writing that the Administrator's records of the wages paid to, or the self-employment income derived by, such individual in such year are in one or more respects erroneous; except that no such change, deletion, or inclusion may be made pursuant to this subparagraph after a final decision upon such request. Written notice of the Administrator's decision on any such request shall be given to the individual who made the request;

"(C) to correct errors apparent on the face of such records;

"(D) to transfer items to records of the Railroad Retirement Board if such items were credited under this title when they should have been credited under the Railroad Retirement Act, or to enter items transferred by the Railroad Retirement Board which have been credited under the Railroad Retirement Act when they should have been credited under this title;

"(E) to delete or reduce the amount of any entry which is erroneous as a result of fraud;

"(F) to conform his records to tax returns or portions thereof (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act, under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code, or under regulations made under authority of such title or subchapter, and to information returns filed by a State pursuant to an agreement under section 218 or regulations of the Administrator thereunder; except that no amount of self-employment income of an individual for any taxable year (v, such return or statement was filed after the expiration of the time limitation following the taxable year) shall be included in the Administrator's records pursuant to this subparagraph in excess of the amount which has been deleted pursuant to this subparagraph as
payments erroneously included in such records as wages paid to such individual in such taxable year; 

"(G) to correct errors made in the allocation, to individuals or periods, of wages or self-employment income entered in the records of the Administrator; 

"(H) to include wages paid during any period in such year to an individual by an employer if there is an absence of an entry in the Administrator's records of wages having been paid by such employer to such individual in such period; or 

"(I) to enter items which constitute remuneration for employment under subsection (o), such entries to be in accordance with certified reports of records made by the Railroad Retirement Board pursuant to section 5 (k) (3) of the Railroad Retirement Act of 1937. 

"(6) Written notice of any deletion or reduction under paragraph (4) or (5) shall be given to the individual whose record is involved or to his survivor, except that (A) in the case of a deletion or reduction with respect to any entry of wages such notice shall be given to such individual only if he has previously been notified by the Administrator of the amount of his wages for the period involved, and (B) such notice shall be given to such survivor only if he or the individual whose record is involved has previously been notified by the Administrator of the amount of such individual's wages and self-employment income for the period involved. 

"(7) Upon request in writing (within such period, after any change or refusal of a request for a change of his records pursuant to this subsection, as the Administrator may prescribe), opportunity for hearing with respect to such change or refusal shall be afforded to any individual or his survivor. If a hearing is held pursuant to this paragraph the Administrator shall make findings of fact and a decision based upon the evidence adduced at such hearing and shall include any omitted items, or change or delete any entry, in his records as may be required by such findings and decision. 

"(8) Decisions of the Administrator under this subsection shall be reviewable by commencing a civil action in the United States district court as provided in subsection (g)." 

(c) Section 205 of the Social Security Act is amended by adding at the end thereof the following subsections: 

"Crediting of Compensation Under the Railroad Retirement Act 

"(a) If there is no person who would be entitled, upon application therefor, to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (j), (l) of such section, with respect to the death of an employee (as defined in such Act), then, notwithstanding section 210 (a) (10) of this Act, compensation (as defined in such Railroad Retirement Act, but excluding compensation attributable as having been paid during any month on account of military service creditable under section 4 of such Act if wages are deemed to have been paid to such employee during such month under section 217 (a) of this Act) of such employee shall constitute remuneration for employment purposes of determining (A) entitlement to and the amount of any lump-sum death payment under this title on the basis of such employee's wages and self-employment income, and (B) entitlement to and the amount of any monthly benefit under this title, for the month in which such
employee died or for any month thereafter, on the basis of such wages and self-employment income. For such purposes, compensation (as so defined) paid in a calendar year shall, in the absence of evidence to the contrary, be presumed to have been paid in equal proportions with respect to all months in the year in which the employee rendered services for such compensation.

"Special Rules in Case of Federal Service

"(p) (1) With respect to service included as employment under section 210 which is performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the Administrator shall not make determinations as to whether an individual has performed such service, the periods of such service, the amounts of remuneration for such service which constitute wages under the provisions of section 209, or the periods in which or for which such wages were paid, but shall accept the determinations with respect thereto of the head of the appropriate Federal agency or instrumentality, and of such agents as such head may designate, as evidenced by returns filed in accordance with the provisions of section 1420 (e) of the Internal Revenue Code and certifications made pursuant to this subsection. Such determinations shall be final and conclusive.

"(2) The head of any such agency or instrumentality is authorized and directed, upon written request of the Administrator, to make certification to him with respect to any matter determinable for the Administrator by such head or his agents under this subsection, which the Administrator finds necessary in administering this title.

"(3) The provisions of paragraphs (1) and (2) shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of paragraphs (1) and (2) the Secretary of Defense shall be deemed to be the head of such instrumentality."

(d) The amendments made by subsections (a) and (c) of this section shall take effect on September 1, 1950. The amendment made by subsection (b) of this section shall take effect January 1, 1951, except that, effective on September 1, 1950, the husband or former wife divorced of an individual shall be treated the same as a parent of such individual, and the legal representative of an individual or his estate shall be treated the same as the individual, for purposes of section 205 (c) of the Social Security Act as in effect prior to the enactment of this Act.

MISCELLANEOUS AMENDMENTS

Sec. 109. (a) (1) The second sentence of section 201 (a) of the Social Security Act is amended by striking out "such amounts as may be appropriated to the Trust Fund" and inserting in lieu thereof "such amounts as may be appropriated to, or deposited in, the Trust Fund".
(2) Section 201 (a) of the Social Security Act is amended by striking out the third sentence and by inserting in lieu thereof the following: "There is hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

"(1) the taxes (including interest, penalties, and additions to the taxes) received under subchapter A of chapter 9 of the Internal Revenue Code (and covered into the Treasury) which are deposited into the Treasury by collectors of internal revenue before January 1, 1951; and

"(2) the taxes certified each month by the Commissioner of Internal Revenue as taxes received under subchapter A of chapter 9 of such code which are deposited into the Treasury by collectors of internal revenue after December 31, 1950, and before January 1, 1953, with respect to assessments of such taxes made before January 1, 1951; and

"(3) the taxes imposed by subchapter A of chapter 9 of such code with respect to wages (as defined in section 1426 of such code) reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of such code after December 31, 1950, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter to such wages, which wages shall be certified by the Federal Security Administrator on the basis of the records of wages established and maintained by such Administrator in accordance with such reports; and

"(4) the taxes imposed by subchapter E of chapter 1 of such code with respect to self-employment income (as defined in section 481 of such code) reported to the Commissioner of Internal Revenue on tax returns under such subchapter, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter to such self-employment income, which self-employment income shall be certified by the Federal Security Administrator on the basis of the records of self-employment income established and maintained by the Administrator in accordance with such returns.

The amounts appropriated by clauses (3) and (4) shall be transferred from time to time from the general fund in the Treasury to the Trust Fund on the basis of estimates by the Secretary of the Treasury of the taxes, referred to in clauses (3) and (4), paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the amounts of the taxes referred to in such clauses."

(3) Section 201 (a) of the Social Security Act is amended by striking out the following: "There is also authorized to be appropriated to the Trust Fund such additional sums as may be required to finance the benefits and payments provided under this title."

(4) Section 201 (b) of such Act is amended by striking out "Chairman of the Social Security Board" and inserting in lieu thereof "Federal Security Administrator".

(5) Section 201 (b) of such Act is amended by adding after the second sentence thereof the following new sentence: "The Commissioner for Social Security shall serve as Secretary of the Board of Trustees."
(6) Paragraph (2) of section 201 (b) of such Act is amended by striking out "on the first day of each regular session of the Congress" and inserting in lieu thereof "not later than the first day of March of each year".

(7) Section 201 (b) of such Act is amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and by adding the following new paragraph:

"(4) Recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivors insurance and Federal-State unemployment compensation programs.

(8) Section 201 (b) of such Act is amended by adding at the end thereof the following: "Such report shall be printed as a House document of the session of the Congress to which the report is made."

(9) Section 201 (f) of such Act is amended to read as follows:

"(f) (1) The Managing Trustee is directed to pay from the Trust Fund into the Treasury the amount estimated by him and the Federal Security Administrator which will be expended during a three-month period by the Federal Security Agency and the Treasury Department for the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code. Such payments shall be covered into the Treasury as repayments to the account for reimbursement of expenses incurred in connection with the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code.

"(2) The Managing Trustee is directed to pay from time to time from the Trust Fund into the Treasury the amount estimated by him as taxes which are subject to refund under section 1401 (d) of the Internal Revenue Code with respect to wages (as defined in section 1426 of such code) paid after December 31, 1950. Such taxes shall be determined on the basis of the records of wages established and maintained by the Federal Security Administrator in accordance with the wages reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of such code, and the Administrator shall furnish the Managing Trustee such information as may be required by the Trustee for such purpose. The payments by the Managing Trustee shall be covered into the Treasury as repayments to the account for refunding internal revenue collections.

"(3) Repayments made under paragraph (1) or (2) shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appears that the estimates under either such paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments."

(b) (1) Sections 204, 205 (other than subsections (c) and (l)), and 206 of such Act are amended by striking out "Board" wherever appearing therein and inserting in lieu thereof "Administrator"; by striking out "Board's" wherever appearing therein and inserting in lieu thereof "Administrator's"; and by striking out (where they refer to the Social Security Board) "it" and "its" and inserting in lieu thereof "he", "him", or "his", as the context may require.

(2) Section 205 (l) of such Act is amended to read as follows:

"(l) The Administrator is authorized to delegate to any member, officer, or employee of the Federal Security Agency designated by him any of the powers, conferred upon him by this section, and is authorized
to be represented by his own attorneys in any court in any case or proceeding arising under the provisions of subsection (e)."

(c) Section 208 of such Act is amended by striking out the words "the Federal Insurance Contributions Act" and inserting in lieu thereof the following: "subchapter E of chapter 1 or subchapter A or E of chapter 9 of the Internal Revenue Code".

SERVICES FOR COOPERATIVES PRIOR TO 1951

SEC. 110. In any case in which—
(1) an individual has been employed at any time prior to 1951 by organizations enumerated in the first sentence of section 101 (12) of the Internal Revenue Code,
(2) the service performed by such individual during the time he was so employed constituted agricultural labor as defined in section 209 (I) of the Social Security Act and section 1426 (h) of the Internal Revenue Code, as in effect prior to the enactment of this Act, and such service would, but for the provisions of such sections, have constituted employment for the purposes of title II of the Social Security Act and subchapter A of chapter 9 of such Code,
(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code have been paid with respect to any part of the remuneration paid to such individual by such organization for such service and the payment of such taxes by such organization has been made in good faith upon the assumption that such service did not constitute agricultural labor as so defined, and
(4) no refund of such taxes has been obtained,
the amount of such remuneration with respect to which such taxes have been paid shall be deemed to constitute remuneration for employment as defined in section 209 (b) of the Social Security Act as in effect prior to the enactment of this Act (but it shall not constitute wages for purposes of deduction under section 203 of such Act for months for which benefits under title II of such Act have been certified and paid prior to the enactment of this Act).

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

RATE OF TAX ON WAGES

SEC. 201. (a) Clauses (2) and (3) of section 1400 of the Internal Revenue Code are amended to read as follows:
"(2) With respect to wages received during the calendar years 1950 to 1953, both inclusive, the rate shall be 1 1/2 per centum.
"(3) With respect to wages received during the calendar years 1954 to 1959, both inclusive, the rate shall be 2 per centum.
"(4) With respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 2 1/2 per centum.
"(5) With respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 per centum.
"(6) With respect to wages received after December 31, 1969, the rate shall be 3 1/4 per centum."

(b) Clauses (2) and (3) of section 1410 of the Internal Revenue Code are amended to read as follows:
"(2) With respect to wages paid during the calendar years 1950 to 1953, both inclusive, the rate shall be 1 1/2 per centum."
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“(3) With respect to wages paid during the calendar years 1954 to 1959, both inclusive, the rate shall be 2 per centum.

“(4) With respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 2½ per centum.

“(5) With respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 per centum.

“(6) With respect to wages paid after December 31, 1969, the rate shall be 3½ per centum.”

FEDERAL SERVICE

SEC. 202. (a) Part II of subchapter A of chapter 9 of the Internal Revenue Code is amended by adding after section 1411 the following new section:

“SEC. 1412. INSTRUMENTALITIES OF THE UNITED STATES.

“Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 1410 unless such other provision of law grants a specific exemption, by reference to section 1410, from the tax imposed by such section.”

(b) Section 1420 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

“(c) FEDERAL SERVICE.—In the case of the taxes imposed by this subchapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the determination whether an individual has performed service which constitutes employment as defined in section 1426, the determination of the amount of remuneration for such service which constitutes wages as defined in such section, and the return and payment of the taxes imposed by this subchapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 1410 with respect to such service without regard to the $3,600 limitation in section 1426 (a) (1), and he shall not be required to obtain a refund of the tax paid under section 1410 on that part of the remuneration not included in wages by reason of section 1426 (a) (1). The provisions of this subsection shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this subsection the Secretary of Defense shall be deemed to be the head of such instrumentality.”

(c) Section 1411 of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: “For the purposes of this section, in the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year after the
calendar year 1950, each head of a Federal agency or instrumentality who makes a return pursuant to section 1420 (e) and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall be deemed a separate employer.".

(d) The amendments made by this section shall be applicable only with respect to remuneration paid after 1950.

DEFINITION OF WAGES

Sec. 203. (a) Section 1426 (a) of the Internal Revenue Code is amended to read as follows:

"(a) WAGES.—The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—"

"(1) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to $3,600 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year.

If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $3,600 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

"(2) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical or hospitalization expenses in connection with sickness or accident disability, or (D) death;

"(3) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

"(4) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;
"(5) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (5), (4), (5), and (6);
"(6) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400, or (B) of any payment required from an employee under a State unemployment compensation law;
"(7) (A) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;
"(B) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in the quarter for such service is less than $50 or the employee is not regularly employed by the employer in such quarter of payment. For the purposes of this subparagraph, an employee shall be deemed to be regularly employed by an employer during a calendar quarter only if (i) on each of some twenty-four days during the quarter the employee performs for the employer for some portion of the day domestic service in a private home of the employer, or (ii) the employee was regularly employed (as determined under clause (i)) by the employer in the performance of such service during the preceding calendar quarter. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (h) (5);
"(8) Remuneration paid in any medium other than cash for agricultural labor;
"(9) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty-five, if he did not work for the employer in the period for which such payment is made; or
"(10) Remuneration paid by an employer in any calendar quarter to an employee for service described in subsection (d) (3) (C) (relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50."
(b) So much of section 1401 (d) (2) of the Internal Revenue Code as precedes the second sentence thereof is amended to read as follows:
"(2) WAGES RECEIVED DURING 1947, 1948, 1949, AND 1950.—If by reason of an employee receiving wages from more than one employer during the calendar year 1947, 1948, 1949, or 1950, the wages received by him during such year exceed $2,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $2,000 of such wages received."
(c) Section 1401 (d) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraphs:
"(3) WAGES RECEIVED AFTER 1950.—If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1950, the wages received by him during such year exceed $3,000, the employee shall be entitled to a refund
of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,600 of such wages received. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the wages were received with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which such wages were received. No interest shall be allowed or paid with respect to any such refund.

"(4) Special rules in the case of federal and state employees.—"

"(A) Federal Employees.—In the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year after the calendar year 1950, each head of a Federal agency or instrumentality who makes a return pursuant to section 1420 (e) and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section, for the purposes of subsection (c) and paragraph (3) of this subsection, be deemed a separate employer; and the term 'wages' includes, for the purposes of paragraph (3) of this subsection, the amount, not to exceed $3,600, determined by each such head or agent as constituting wages paid to an employee.

"(B) State Employees.—For the purposes of paragraph (3) of this subsection, in the case of remuneration received during any calendar year after the calendar year 1950, the term 'wages' includes such remuneration for services covered by an agreement made pursuant to section 218 of the Social Security Act as would be wages if such services constituted employment; the term 'employer' includes a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing; the term 'tax' or 'tax imposed by section 1400' includes, in the case of services covered by an agreement made pursuant to section 218 of the Social Security Act, an amount equivalent to the tax which would be imposed by section 1400, if such services constituted employment as defined in section 1426; and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of an agreement made pursuant to section 218 of the Social Security Act has been paid to the Secretary of the Treasury."

(d) The amendment made by subsection (a) of this section shall be applicable only with respect to remuneration paid after 1950. In the case of remuneration paid prior to 1951, the determination under section 1426 (a) (i) of the Internal Revenue Code (prior to its amendment by this Act) of whether or not such remuneration constituted wages shall be made as if subsection (a) of this section had not been enacted and without inference drawn from the fact that the amendment made by subsection (a) is not made applicable to periods prior to 1951.
SEC. 204. (a) Effective January 1, 1951, section 1428 (b) of the Internal Revenue Code is amended to read as follows:

"(b) EMPLOYMENT.—The term 'employment' means any service performed after 1936 and prior to 1951 which was employment for the purposes of this subchapter under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (i) of this section); except that, in the case of service performed after 1950, such term shall not include—

"(1) (A) Agricultural labor (as defined in subsection (h) of this section) performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor (other than service described in subparagraph (B)) is $50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For the purposes of this subparagraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

"(i) such individual performs agricultural labor (other than service described in subparagraph (B)) for such employer on a full-time basis on sixty days during such quarter, and

"(ii) the quarter was immediately preceded by a qualifying quarter. For the purposes of the preceding sentence, the term 'qualifying quarter' means (I) any quarter during all of which such individual was continuously employed by such employer, or (II) any subsequent quarter which meets the test of clause (i) if, after the last quarter during all of which such individual was continuously employed by such employer, each intervening quarter met the test of clause (i). Notwithstanding the preceding provisions of this subparagraph, an individual shall also be deemed to be regularly employed by an employer during a calendar quarter if such individual was regularly employed (upon application of clauses (i) and (ii)) by such employer during the preceding calendar quarter.

"(B) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton;

"(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

"(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such em-
ployer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (h) (5);

"(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

"(5) Service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;

"(6) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 1410 by virtue of any provision of law which specifically refers to such section in granting such exemption;

"(7) (A) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

"(B) Service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—

"(i) service performed in the employ of a corporation which is wholly owned by the United States;

"(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

"(iii) service performed in the employ of a State, county, or community committee under the Production and Marketing Administration; or

"(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department;

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner, of or to the Congress;
“(ii) in the legislative branch;
“(iii) in the field service of the Post Office Department unless performed by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;
“(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;
“(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;
“(vi) by any individual as an employee receiving nominal compensation of $12 or less per annum;
“(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;
“(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U. S. C., sec. 951);
“(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);
“(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;
“(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;
“(xii) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or
“(xiii) by an individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;
“(g) Service (other than service which, under subsection (k), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;
“(h) (A) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;
“(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (i), is in effect if such service is performed by an employee (i) whose signature appears on the list filed by such organ-
ization under subsection (i), or (ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;

"(10) Service performed by an individual as an employee or employee representative as defined in section 1532;

"(11) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101, if the remuneration for such service is less than $50;

"(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

"(12) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

"(13) Service performed in the employ of an instrumentality wholly owned by a foreign government—

"(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

"(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

"(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an intern in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

"(15) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);

"(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

"(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or
is entitled to be credited with the unsold newspapers or magazines turned back; or

"(17) Service performed in the employ of an international organization."

(b) Effective January 1, 1951, section 1426 (e) of the Internal Revenue Code is amended to read as follows:

"(e) STATE, ETC.—

"(1) The term 'State' includes Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 3810 such term includes Puerto Rico.

"(2) UNITED STATES.—The term 'United States' when used in a geographical sense includes the Virgin Islands; and on and after the effective date specified in section 3810 such term includes Puerto Rico.

"(3) CITIZEN.—An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States shall not be considered, for the purposes of this section, as a citizen of the United States prior to the effective date specified in section 3810.

(c) Section 1426 (g) of the Internal Revenue Code is amended by striking out "(g) AMERICAN VESSEL.—" and inserting in lieu thereof "(g) AMERICAN VESSEL AND AIRCRAFT.—", and by striking out the period at the end of such subsection and inserting in lieu thereof the following: "; and the term 'American aircraft' means an aircraft registered under the laws of the United States."

(d) Section 1426 (h) of the Internal Revenue Code is amended to read as follows:

"(h) AGRICULTURAL LABOR.—The term 'agricultural labor' includes all service performed—

"(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

"(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

"(3) In connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

"(4) (A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed.
"(B) In the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For the purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than twenty at any time during the calendar quarter in which such service is performed.

"(C) The provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

"(5) On a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer.

"As used in this section, the term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards."

"(e) Section 1426 of the Internal Revenue Code is amended by striking out subsections (i) and (j) and inserting in lieu thereof the following:

"(i) American Employer.—The term 'American employer' means an employer which is (1) the United States or any instrumentality thereof, (2) an individual who is a resident of the United States, (3) a partnership, if two-thirds or more of the partners are residents of the United States, (4) a trust, if all of the trustees are residents of the United States, or (5) a corporation organized under the laws of the United States or of any State.

"(j) Computation of Wages in Certain Cases.—For purposes of this subchapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this subchapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to $1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

"(k) Covered Transportation Service.—

"(1) Existing transportation systems—General rule.—Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

"(2) Existing transportation systems—Cases in which no transportation employees, or only certain employees, are covered.—Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

"(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and sub-
stantially all service in connection with the operation of the transportation system is, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951; except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

(D) prior to such acquisition rendered service in employment (including as employment service covered by an agreement under section 218 of the Social Security Act) in connection with the operation of such part of the transportation system acquired by the State or political subdivision,

the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

(3) Transportation systems acquired after 1950.—All service performed in the employ of a State or political subdivision thereof in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

(4) Definitions.—For the purposes of this subsection—

(A) The term 'general retirement system' means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired constituted employment under this subchapter or was covered by an agreement made pursuant to section 218 of the Social Security Act and some of such em-
employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

"(C) The term 'political subdivision' includes an instrumentality of (i) a State, (ii) one or more political subdivisions of a State, or (iii) a State and one or more of its political subdivisions.

"(l) **Exemption of Religious, Charitable, Etc., Organizations.**

"(1) **Waiver of exemption by organization.**—An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees and that at least two-thirds of its employees concur in the filing of the certificate. Such certificate may be filed only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended, at any time prior to the expiration of the first month following the first calendar quarter for which the certificate is in effect, by filing with such official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter. The certificate shall be in effect (for the purposes of subsection (b) (9) (B) and for the purposes of section 210 (a) (9) (B) of the Social Security Act) for the period beginning with the first day following the close of the calendar quarter in which such certificate is filed, but in no case shall such period begin prior to January 1, 1951. The period for which the certificate is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter.

"(2) **Termination of waiver period by commissioner.**—If the Commissioner finds that any organization which filed a certificate pursuant to this subsection has failed to comply substantially with the requirements of this subchapter or is no longer able to comply therewith, the Commissioner shall give such organization not less than sixty days' advance notice in writing that the period covered by such certificate will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Commissioner by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the organization. No notice of termination or of revocation thereof shall be given under this paragraph to an organization without the prior concurrence of the Federal Security Administrator.
"(3) No renewal of waiver.—In the event the period covered by a certificate filed pursuant to this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to this subsection."

(f) Sections 1426 (c) and 1428 of the Internal Revenue Code are each amended by striking out "paragraph (9)" and inserting in lieu thereof "paragraph (10)".

(g) The amendments made by subsections (c), (d), (e), and (f) of this section shall be applicable only with respect to services performed after 1950.

DEFINITION OF EMPLOYEE

Sec. 205. (a) Section 1426 (d) of the Internal Revenue Code is amended to read as follows:

"(d) EMPLOYEE.—The term 'employee' means—

"(1) any officer of a corporation; or

"(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or

"(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

"(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

"(B) as a full-time life insurance salesman;

"(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed; or

"(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations; if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term 'employee' under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed."

(b) The amendment made by this section shall be applicable only with respect to services performed after 1950.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

RECEIPTS FOR EMPLOYEES; SPECIAL REFUNDS

Sec. 206. (a) Subchapter E of chapter 9 of the Internal Revenue Code is amended by adding at the end thereof the following new sections:

"SEC. 1633. RECEIPTS FOR EMPLOYEES.

"(a) Requirement.—Every person required to deduct and withhold from an employee a tax under section 1400 or 1622, or who would have been required to deduct and withhold a tax under section 1622 if the employee had claimed no more than one withholding exemption, shall furnish to each such employee in respect of the remuneration paid by such person to such employee during the calendar year, or on or before January 31 of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of remuneration is made, a written statement showing the following: (1) the name of such person, (2) the name of the employee (and his social security account number if wages as defined in section 1426 (a) have been paid), (3) the total amount of wages as defined in section 1621 (a), (4) the total amount deducted and withheld as tax under section 1622, (5) the total amount of wages as defined in section 1426 (a), and (6) the total amount deducted and withheld as tax under section 1400.

"(b) Statements to constitute information returns.—The statements required to be furnished by this section in respect of any remuneration shall be furnished at such other times, shall contain such other information, and shall be in such form as the Commissioner, with the approval of the Secretary, may by regulations prescribe. A duplicate of any such statement if made and filed in accordance with regulations prescribed by the Commissioner with the approval of the Secretary shall constitute the return required to be made in respect of such remuneration under section 147.

"(c) Extension of time.—The Commissioner, under such regulations as he may prescribe with the approval of the Secretary, may grant to any person a reasonable extension of time (not in excess of thirty days) with respect to the statements required to be furnished under this section.

"SEC. 1634. PENALTIES.

"(a) Penalties for fraudulent statement or failure to furnish statement.—In lieu of any other penalty provided by law (except the penalty provided by subsection (b) of this section), any person required under the provisions of section 1633 to furnish a statement who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 1633, or regulations prescribed thereunder, shall for each such failure, upon conviction thereof, be fined not more than $1,000, or imprisoned for not more than one year, or both.

"(b) Additional penalty.—In addition to the penalty provided by subsection (a) of this section, any person required under the provisions of section 1633 to furnish a statement who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 1633, or regulations prescribed thereunder, shall for each such failure be subject to a civil penalty of $50. Such penalty shall be assessed and collected in the same manner as the tax imposed by section 1410."
(b) (1) Section 322 (a) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraph:

"(4) CREDIT FOR 'SPECIAL REFUNDS' OF EMPLOYEE SOCIAL SECURITY TAX.—The Commissioner is authorized to prescribe, with the approval of the Secretary, regulations providing for the crediting against the tax imposed by this chapter for any taxable year of the amount determined by the taxpayer or the Commissioner to be allowable under section 1401 (d) as a special refund of tax imposed on wages received during the calendar year in which such taxable year begins. If more than one taxable year begins in such calendar year, such amount shall not be allowed under this section as a credit against the tax for any taxable year other than the last taxable year so beginning. The amount allowed as a credit under such regulations shall, for the purposes of this chapter, be considered an amount deducted and withheld at the source as tax under subchapter D of chapter 9."

(2) Section 1403 (a) of the Internal Revenue Code is amended by striking out the first sentence and inserting in lieu thereof the following:

"Every employer shall furnish to each of his employees a written statement or statements, in a form suitable for retention by the employee, showing the wages paid by him to the employee before January 1, 1951. (For corresponding provisions with respect to wages paid after December 31, 1950, see section 1633.)"

(3) Section 1625 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(d) APPLICATION OF SECTION.—This section shall apply only with respect to wages paid before January 1, 1951. For corresponding provisions with respect to wages paid after December 31, 1950, see section 1633."

(c) The amendments made by this section shall be applicable only with respect to wages paid after December 31, 1950, except that the amendment made by subsection (b) (1) of this section shall be applicable only with respect to taxable years beginning after December 31, 1950, and only with respect to "special refunds" in the case of wages paid after December 31, 1950.

PERIODS OF LIMITATION ON ASSESSMENT AND REFUND OF CERTAIN EMPLOYMENT TAXES

Sec. 207. (a) Subchapter E of chapter 9 of the Internal Revenue Code is amended by inserting at the end thereof the following new sections:

"SEC. 1635. PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION OF CERTAIN EMPLOYMENT TAXES.

"(a) GENERAL RULE.—The amount of any tax imposed by subchapter A of this chapter or subchapter D of this chapter shall (except as otherwise provided in the following subsections of this section) be assessed within three years after the return was filed, and no proceeding in court without assessment for the collection of such tax shall be begun after the expiration of such period.

"(b) FALSE RETURN OR NO RETURN.—In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

"(c) WILLFUL ATTEMPT TO EVADE TAX.—In case of a willful attempt in any manner to defeat or evade tax, the tax may be assessed, or a pro-
ceeding in court for the collection of such tax may be begun without assessment, at any time.

"(d) Collection After Assessment.—Where the assessment of any tax imposed by subchapter A of this chapter or subchapter D of this chapter has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (1) within six years after the assessment of the tax, or (2) prior to the expiration of any period for collection agreed upon in writing by the Commissioner and the taxpayer.

"(e) Date of Filing of Return.—For the purposes of this section, if a return for any period ending with or within a calendar year is filed before March 15 of the succeeding calendar year, such return shall be considered filed on March 15 of such succeeding calendar year.

"(f) Application of Section.—The provisions of this section shall apply only to those taxes imposed by subchapter A of this chapter, or subchapter D of this chapter, which are required to be collected and paid by making and filing returns.

"(g) Effective Date.—The provisions of this section shall not apply to any tax imposed with respect to remuneration paid during any calendar year before 1951.

"SEC. 1636. Period of limitation upon refunds and credits of certain employment taxes.

"(a) General Rule.—In the case of any tax imposed by subchapter A of this chapter or subchapter D of this chapter—

"(1) Period of limitation.—Unless a claim for credit or refund is filed by the taxpayer within three years from the time the return was filed or within two years from the time the tax was paid, no credit or refund shall be allowed or made after the expiration of whichever of such periods expires the later. If no return is filed, then no credit or refund shall be allowed or made after two years from the time the tax was paid, unless before the expiration of such period a claim therefor is filed by the taxpayer.

"(2) Limit on amount of credit or refund.—The amount of the credit or refund shall not exceed the portion of the tax paid—

"(A) If a return was filed, and the claim was filed within three years from the time the return was filed, during the three years immediately preceding the filing of the claim.

"(B) If a claim was filed, and (i) no return was filed, or (ii) if the claim was not filed within three years from the time the return was filed, during the two years immediately preceding the filing of the claim.

"(C) If no claim was filed and the allowance of credit or refund is made within three years from the time the return was filed, during the three years immediately preceding the allowance of the credit or refund.

"(D) If no claim was filed, and (i) no return was filed or (ii) the allowance of the credit or refund is not made within three years from the time the return was filed, during the two years immediately preceding the allowance of the credit or refund.

"(b) Penalties, Etc.—The provisions of subsection (a) of this section shall apply to any penalty or sum assessed or collected with respect to the tax imposed by subchapter A of this chapter or subchapter D of this chapter.
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"(c) **DATE OF FILING RETURN AND DATE OF PAYMENT OF TAX.**—
For the purposes of this section—

"(1) If a return for any period ending with or within a calendar year is filed before March 15 of the succeeding calendar year, such return shall be considered filed on March 15 of such succeeding calendar year; and

"(2) If a tax with respect to remuneration paid during any period ending with or within a calendar year is paid before March 15 of the succeeding calendar year, such tax shall be considered paid on March 15 of such succeeding calendar year.

"(d) **APPLICATION OF SECTION.**—The provisions of this section shall apply only to those taxes imposed by subchapter A of this chapter, or subchapter D of this chapter, which are required to be collected and paid by making and filing returns.

"(e) **EFFECTIVE DATE.**—The provisions of this section shall not apply to any tax paid or collected with respect to remuneration paid during any calendar year before 1951 or to any penalty or surtax paid or collected with respect to such tax.

(b) (1) Section 3312 of the Internal Revenue Code is amended by inserting immediately after the words “gift taxes” (which words immediately precede subsection (a) thereof) a comma and the following: “and except as otherwise provided in section 1635 with respect to employment taxes under subchapters A and D of chapter 9”.

(2) Section 3313 of the Internal Revenue Code is amended as follows:

(A) By inserting immediately after the words “and gift taxes,”, where those words first appear in the section, the following: “and except as otherwise provided by law in the case of employment taxes under subchapters A and D of chapter 9”;

(B) By inserting immediately after the words “and gift taxes”, where those words appear in the parenthetical phrase, a comma and the following: “and other than such employment taxes”.

(3) Section 3645 of the Internal Revenue Code is amended by striking out “Employment taxes, section 3312.” and inserting in lieu thereof the following: “Employment taxes, sections 1635 and 3312.”

(4) Section 3714 (a) of the Internal Revenue Code is amended by inserting at the end thereof the following:

“Employment taxes, sections 1635 (d) and 3312 (d).”

(5) Section 3770 (a) (6) of the Internal Revenue Code is amended by inserting at the end thereof the following:

“Employment taxes, sections 1636 and 3313.”

(6) Section 3772 (c) of the Internal Revenue Code is amended by inserting at the end thereof the following:

“Employment taxes, sections 1636 and 3313.”
SELF-EMPLOYMENT INCOME

SEC. 208. (a) Chapter 1 of the Internal Revenue Code is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER E—TAX ON SELF-EMPLOYMENT INCOME"

"SEC. 480. RATE OF TAX.
"In addition to other taxes, there shall be levied, collected, and paid for each taxable year beginning after December 31, 1950, upon the self-employment income of every individual, a tax as follows:
"
"(a) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1954, the tax shall be equal to 2½ per centum of the amount of the self-employment income for such taxable year.
"(2) In the case of any taxable year beginning after December 31, 1953, and before January 1, 1960, the tax shall be equal to 3 per centum of the amount of the self-employment income for such taxable year.
"(3) In the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 3½ per centum of the amount of the self-employment income for such taxable year.
"(4) In the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 4 per centum of the amount of the self-employment income for such taxable year.
"(5) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4½ per centum of the amount of the self-employment income for such taxable year.

"SEC. 481. DEFINITIONS.
"For the purposes of this subchapter—
"(a) Net Earnings From Self-Employment.—The term 'net earnings from self-employment' means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership "(a) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1954, the tax shall be equal to 2½ per centum of the amount of the self-employment income for such taxable year.
"(2) In the case of any taxable year beginning after December 31, 1953, and before January 1, 1960, the tax shall be equal to 3 per centum of the amount of the self-employment income for such taxable year.
"(3) In the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 3½ per centum of the amount of the self-employment income for such taxable year.
"(4) In the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 4 per centum of the amount of the self-employment income for such taxable year.
"(5) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4½ per centum of the amount of the self-employment income for such taxable year.

"SEC. 481. DEFINITIONS.
"For the purposes of this subchapter—
"(a) Net Earnings From Self-Employment.—The term 'net earnings from self-employment' means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—
"(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;
"(2) There shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h); and there shall be excluded all deductions attributable to such income;
"(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political
(4) There shall be excluded any gain or loss (A) which is considered as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale to customers in the ordinary course of the trade or business;

(5) The deduction for net operating losses provided in section 25 (a) shall not be allowed;

(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;

(B) If any portion of a partner's distributive share of the ordinary net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

(7) In the case of any taxable year beginning on or after the effective date specified in section 3810, (A) the term 'possession of the United States' as used in section 251 shall not include Puerto Rico, and (B) a citizen or resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States and without regard to the provisions of section 252.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to January 1, 1951) ending within or with his taxable year.

(b) Self-Employment Income.—The term 'self-employment income' means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after December 31, 1950; except that such term shall not include:

(1) That part of the net earnings from self-employment which is in excess of: (A) $3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or
"(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

For the purposes of clause (1) the term 'wages' includes such remuneration paid to an employee for services included under an agreement entered into pursuant to the provisions of section 218 of the Social Security Act (relating to coverage of State employees) as would be wages under section 1426 (a) if such services constituted employment under section 1426 (b).

In the case of any taxable year beginning prior to the effective date specified in section 3810, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States or of the Virgin Islands during such taxable year shall be considered, for the purposes of this subchapter, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 3810) a resident of Puerto Rico shall not, for the purposes of this subchapter, be considered to be a nonresident alien individual.

"(c) Trade or Business.—The term 'trade or business', when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23, except that such term shall not include—

"(1) The performance of the functions of a public office;
"(2) The performance of service by an individual as an employee (other than service described in section 1426 (b) (16) (B) performed by an individual who has attained the age of eighteen);
"(3) The performance of service by an individual as an employee or employee representative as defined in section 1532;
"(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or
"(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of such service by a partnership.

"(d) Employee and Wages.—The term 'employee' and the term 'wages' shall have the same meaning as when used in subchapter A of chapter 9.

"SEC. 482. MISCELLANEOUS PROVISIONS.

"(a) Returns.—Every individual (other than a nonresident alien individual) having net earnings from self-employment of $400 or more for the taxable year shall make a return containing such information for the purpose of carrying out the provisions of this subchapter as the Commissioner, with the approval of the Secretary, may by regulations prescribe. Such return shall be considered a return required under section 51 (a).

In the case of a husband and wife filing a joint return under section 51 (b), the tax imposed by this subchapter shall not be computed on the aggregate income but shall be the sum of the taxes computed under this subchapter on the separate self-employment income of each spouse.
(b) Title of Subchapter.—This subchapter may be cited as the ‘Self-Employment Contributions Act’.

(c) Effective Date in Case of Puerto Rico.—For effective date in case of Puerto Rico, see section 3810.

(d) Collection of Taxes in Virgin Islands and Puerto Rico.—For provisions relating to collection of taxes in Virgin Islands and Puerto Rico, see section 3811.”

(b) Chapter 38 of the Internal Revenue Code is amended by adding at the end thereof the following new sections:

“SEC. 3810. Effective Date in Case of Puerto Rico.

“If the Governor of Puerto Rico certifies to the President of the United States that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of title II of the Social Security Act, the effective date referred to in sections 1426 (e), 481 (a) (7), and 481 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification.


“Notwithstanding any other provision of law respecting taxation in the Virgin Islands or Puerto Rico, all taxes imposed by subchapter E of chapter 1 and by subchapter A of chapter 9 shall be collected by the Bureau of Internal Revenue under the direction of the Secretary and shall be paid into the Treasury of the United States as internal revenue collections. All provisions of the internal revenue laws of the United States relating to the administration and enforcement of the tax imposed by subchapter E of chapter 1 (including the provisions relating to The Tax Court of the United States), and of any tax imposed by subchapter A of chapter 9, shall, in respect of such tax, extend to and be applicable in the Virgin Islands and Puerto Rico in the same manner and to the same extent as if the Virgin Islands and Puerto Rico were each a State, and as if the term ‘United States’ when used in a geographical sense included the Virgin Islands and Puerto Rico.


“(a) Self-Employment Tax and Tax on Wages.—In the case of the tax imposed by subchapter E of chapter 1 (relating to tax on self-employment income) and the tax imposed by section 1400 of subchapter A of chapter 9 (relating to tax on employees under the Federal Insurance Contributions Act)—

“(1) (i) if an amount is erroneously treated as self-employment income, or

“(ii) if an amount is erroneously treated as wages, and

“(2) if the correction of the error would require an assessment of one such tax and the refund or credit of the other tax, and

“(3) if at any time the correction of the error is authorized as to one such tax but is prevented as to the other tax by any law or rule of law (other than section 3761, relating to compromises),
then, if the correction authorized is made, the amount of the assessment, or the amount of the credit or refund, as the case may be, authorized as to the one tax shall be reduced by the amount of the credit or refund, or the amount of the assessment, as the case may be, which would be required with respect to such other tax for the correction of the error if such credit or refund, or such assessment, of such other tax were not prevented by any law or rule of law (other than section 3761, relating to compromises).

"(b) Definitions.—For the purposes of subsection (a) of this section, the terms 'self-employment income' and 'wages' shall have the same meaning as when used in section 481 (b)."

(c) Section 3801 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(g) Taxes imposed by Chapter 9.—The provisions of this section shall not be construed to apply to any tax imposed by chapter 9."

(d) (1) Section 3 of the Internal Revenue Code is amended by inserting at the end thereof the following:

"Subchapter E—Tax on Self-Employment Income (the Self-Employment Contributions Act), divided into sections."

(2) Section 12 (g) of the Internal Revenue Code is amended by inserting at the end thereof the following:

"(6) Tax on Self-Employment Income.—For tax on self-employment income, see subchapter E."

(3) Section 31 of the Internal Revenue Code is amended by inserting immediately after the words "the tax" the following: "(other than the tax imposed by subchapter E, relating to tax on self-employment income)"; and section 131 (a) of the Internal Revenue Code is amended by inserting immediately after the words "except the tax imposed under section 102" the following: "and except the tax imposed under subchapter E."

(4) Section 58 (b) (1) of the Internal Revenue Code is amended by inserting immediately after the words "withheld at source" the following: "and without regard to the tax imposed by subchapter E on self-employment income."

(5) Section 107 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsection:

"(e) Tax on Self-Employment Income.—This section shall be applied without regard to, and shall not affect, the tax imposed by subchapter E, relating to tax on self-employment income."

(6) Section 120 of the Internal Revenue Code is amended by inserting immediately after the words "amount of income" the following: "(determined without regard to subchapter E, relating to tax on self-employment income)"

(7) Section 161 (a) of the Internal Revenue Code is amended by inserting immediately after the words "The taxes imposed by this chapter" the following: "(other than the tax imposed by subchapter E, relating to tax on self-employment income)"

(8) Section 294 (d) of the Internal Revenue Code is amended by inserting at the end thereof the following new paragraph:

"(8) Tax on Self-Employment Income.—This subsection shall be applied without regard to the tax imposed by subchapter E, relating to tax on self-employment income."
SEC. 209. (a) (1) Section 1607 (b) of the Internal Revenue Code is amended to read as follows:

"(b) WAGES.—The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

"(1) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to $3,000 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $3,000 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

"(2) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical or hospitalization expenses in connection with sickness or accident disability, or (D) death;

"(3) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

"(4) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

"(5) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (B) under or to an
annuity plan which, at the time of such payment, meets the require­ments of section 165 (a) (3), (4), (5), and (6);

"(6) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400, or (B) of any payment required from an employee under a State unemployment compensation law;

"(7) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business;

"(8) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty-five, if he did not work for the employer in the period for which such payment is made;

"(9) Dismissal payments which the employer is not legally required to make."

(2) The amendment made by paragraph (1) shall be applicable only with respect to remuneration paid after 1950. In the case of remuneration paid prior to 1951, the determination under section 1607 (b) (1) of the Internal Revenue Code (prior to its amendment by this Act) of whether or not such remuneration constituted wages shall be made as if paragraph (1) of this subsection had not been enacted and without inferences drawn from the fact that the amendment made by paragraph (1) is not made applicable to periods prior to 1951.

(3) Effective with respect to remuneration paid after December 31, 1951, section 1607 (b) of the Internal Revenue Code is amended by changing the semicolon at the end of paragraph (8) to a period and by striking out paragraph (9) thereof.

(b) (1) Section 1607 (c) (3) of the Internal Revenue Code is amended to read as follows:

"(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter."

(2) Section 1607 (c) (10) (A) (i) of the Internal Revenue Code is amended by striking out "does not exceed $45" and inserting in lieu thereof "is less than $50".

(3) Section 1607 (c) (10) (E) of the Internal Revenue Code is amended by striking out "in any calendar quarter" and by striking out "and the remuneration for such service does not exceed $45 (exclusive of room, board, and tuition)".

(4) The amendments made by paragraphs (1), (2), and (3) shall be applicable only with respect to service performed after 1950.
(c) (1) Section 1621 (a) (4) of the Internal Revenue Code is amended to read as follows:

"(4) for service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter, or".

(2) Section 1621 (a) of the Internal Revenue Code is amended by striking out paragraph (9) thereof and inserting in lieu thereof the following:

"(9) for services performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order, or

"(10) (A) for services performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution, or

"(B) for services performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back, or

"(11) for services not in the course of the employer's trade or business, to the extent paid in any medium other than cash, or

"(12) to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6)."

(3) The amendments made by paragraphs (1) and (2) shall be applicable only with respect to remuneration paid after 1960.

(d) (1) Section 1631 of the Internal Revenue Code is amended to read as follows:

"SEC. 1631. FAILURE OF EMPLOYER TO FILE RETURN.

"In case of a failure to make and file any return required under this chapter within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not to willful neglect, the addition to the tax or taxes required to be shown on such return shall not be less than $5."
The amendment made by paragraph (1) shall be applicable only with respect to returns filed after December 31, 1950.
(e) If a corporation (hereinafter referred to as a "predecessor") incorporated under the laws of one State is succeeded after 1945 and before 1951 by another corporation (hereinafter referred to as a "successor") incorporated under the laws of another State, and if immediately upon the succession the business of the successor is identical with that of the predecessor and, except for qualifying shares, the proportionate interest of each shareholder in the successor is identical with his proportionate interest in the predecessor, and if in connection with the succession the predecessor is dissolved or merged into the successor, and if the predecessor and the successor are employers under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act in the calendar year in which the succession takes place, then—

(1) the predecessor and successor corporations, for purposes only of the application of the $3,000 limitation in the definition of wages under such Acts, shall be considered as one employer for such calendar year, and
(2) the successor shall, subject to the applicable statutes of limitations, be entitled to a credit or refund, without interest, of any tax under section 1410 of the Federal Insurance Contributions Act or section 1600 of the Federal Unemployment Tax Act (together with any interest or penalty thereon) paid with respect to remuneration paid by the successor during such calendar year which would not have been subject to tax under such Acts if the remuneration had been paid by the predecessor.

TITLE III—AMENDMENTS TO PUBLIC ASSISTANCE AND MATERNAL AND CHILD WELFARE PROVISIONS OF THE SOCIAL SECURITY ACT

PART I—Old-Age Assistance

REQUIREMENTS OF STATE OLD-AGE ASSISTANCE PLANS

Sec. 301. (a) Clause (4) of subsection (a) of section 2 of the Social Security Act is amended to read: "(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for old-age assistance is denied or is not acted upon with reasonable promptness.
(b) Such subsection is further amended by striking out "and" before clause (8) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses: "(9) provide that all individuals wishing to make application for old-age assistance shall have opportunity to do so, and that old-age assistance shall be furnished with reasonable promptness to all eligible individuals; and (10) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions."
(c) The amendments made by subsections (a) and (b) shall take effect July 1, 1951.
SEC. 302. (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 October 1, 1950, (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 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 $50—

"(A) three-fourths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $20 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); 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 Administrator 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) The amendment made by subsection (a) shall take effect October 1, 1950.

DEFINITION OF OLD-AGE ASSISTANCE

SEC. 303. (a) Section 6 of the Social Security Act is amended to read as follows:

"DEFINITION

"Sec. 6. For the purposes of this title, the term ‘old-age assistance’ means money payments to, or medical care in behalf of, or any type of remedial care recognized under State law in behalf of, needy individuals who are sixty-five years of age or older, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof."

(b) The amendment made by subsection (a) shall take effect October 1, 1950, except that the exclusion of money payments to needy individuals described in clause (a) or (b) of section 6 of the Social Security Act as so amended shall, in the case of any of such individuals who are not patients in a public institution, be effective July 1, 1952.
SOCIAL SECURITY ACT AMENDMENTS OF 1950

PART 2—AID TO DEPENDENT CHILDREN

REQUIREMENTS OF STATE PLANS FOR AID TO DEPENDENT CHILDREN

SEC. 321. (a) Effective July 1, 1951, clause (4) of subsection (a) of section 402 of the Social Security Act is amended to read as follows: "(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to dependent children is denied or is not acted upon with reasonable promptness;".

(b) Such subsection is further amended by striking out "and" before clause (8) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses: "(9) provide, effective July 1, 1951, that all individuals wishing to make application for aid to dependent children shall have opportunity to do so, and that aid to dependent children shall be furnished with reasonable promptness to all eligible individuals; (10) effective July 1, 1952, provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to dependent children in respect of a child who has been deserted or abandoned by a parent; and (11) provide, effective October 1, 1950, that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act."

(c) Effective July 1, 1952, clause (2) of subsection (b) of section 402 of the Social Security Act is amended to read as follows: "(2) who was born within one year immediately preceding the application, if the parent or other relative with whom the child is living has resided in the State for one year immediately preceding the birth."

COMPUTATION OF FEDERAL PORTION OF AID TO DEPENDENT CHILDREN

SEC. 322. (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 October 1, 1950, (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 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 $27, or if there is more than one dependent child in the same home, as exceeds $27 with respect to one such dependent child and $18 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 $27—

"(A) three-fourths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $12 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);"
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 Administrator 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) The amendment made by subsection (a) shall take effect October 1, 1950.

DEFINITION OF AID TO DEPENDENT CHILDREN

SEC. 323. (a) Section 406 of the Social Security Act is amended by striking out subsection (b) and inserting in lieu thereof the following:

"(b) The term 'aid to dependent children' means money payments with respect to, or medical care in behalf of or any type of remedial care recognized under State law in behalf of, a dependent child or dependent children, and (except when used in clause (2) of section 403 (a)) includes money payments or medical care or any type of remedial care recognized under State law for any month to meet the needs of the relative with whom any dependent child is living if money payments have been made under the State plan with respect to such child for such month;

"(c) The term 'relative with whom any dependent child is living' means the individual who is one of the relatives specified in subsection (a) and with whom such child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home."

(b) The amendment made by subsection (a) shall take effect October 1, 1950.

PART 3—MATERNAL AND CHILD WELFARE

SEC. 331. (a) Section 501 of the Social Security Act is amended by striking out 'there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $11,000,000' and inserting in lieu thereof 'there is hereby authorized to be appropriated for the fiscal year ending June 30, 1951, the sum of $15,000,000, and for each fiscal year beginning after June 30, 1951, the sum of $16,500,000'.

(b) So much of section 502 of the Social Security Act as precedes subsection (c) is amended to read as follows:

"ALLOTMENTS TO STATES

"Sec. 502. (a) (1) Out of the sums appropriated pursuant to section 501 for the fiscal year ending June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $80,000 and shall allot each State such part of the remainder of the $7,500,000 as he finds that the number of live births in such State bore
to the total number of live births in the United States, in the latest calendar year for which the Administrator has available statistics.

"(2) Out of the sums appropriated pursuant to section 501 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $8,250,000 as follows: He shall allot to each State $60,000 and shall allot each State such part of the remainder of the $8,250,000 as he finds that the number of live births in such State bore to the total number of live births in the United States, in the latest calendar year for which the Administrator has available statistics.

"(b) Out of the sums appropriated pursuant to section 501 the Administrator shall allot to the States (in addition to the allotments made under subsection (a)) for the fiscal year ending June 30, 1951, the sum of $7,500,000, and for each fiscal year beginning after June 30, 1951, the sum of $8,250,000. Such sums shall be allotted according to the financial need of each State for assistance in carrying out its State plan, as determined by the Administrator after taking into consideration the number of live births in such State."

(c) Section 511 of the Social Security Act is amended by striking out "there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $7,500,000" and inserting in lieu thereof "there is hereby authorized to be appropriated for the fiscal year ending June 30, 1951, the sum of $12,000,000, and for each fiscal year beginning after June 30, 1951, the sum of $15,000,000".

(d) So much of section 512 of the Social Security Act as precedes subsection (c) is amended to read as follows:

"Allotments to States"

"Sec. 512. (a) (1) Out of the sums appropriated pursuant to section 511 for the fiscal year ending June 30, 1951, the Federal Security Administrator shall allot $6,000,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $6,000,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

"(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

"(b) Out of the sums appropriated pursuant to section 511 the Administrator shall allot to the States (in addition to the allotments made under subsection (a)) for the fiscal year ending June 30, 1951, the sum of $6,000,000, and for each fiscal year beginning after June 30, 1951, the sum of $7,500,000. Such sums shall be allotted according to the financial need of each State for assistance in carrying out its State plan, as determined by the Administrator after taking into consideration the number of crippled children in each State in need of the services referred to in section 511 and the cost of furnishing such services to them."

(e) Section 521 (a) of the Social Security Act is amended by striking out "$3,500,000" and inserting in lieu thereof "$10,000,000", by striking
out "$20,000" and inserting in lieu thereof "$40,000", by striking out in the second sentence "as the rural population of such State bears to the total rural population of the United States" and inserting in lieu thereof "as the rural population of such State under the age of eighteen bears to the total rural population of the United States under such age", and by striking out the third sentence thereof and inserting in lieu of such sentence the following: "The amount so allotted shall be expended for payment of part of the cost of district, county, or other local child-welfare services in areas predominantly rural, for developing State services for the encouragement and assistance of adequate methods of community child-welfare organization in areas predominantly rural and other areas of special need, 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-care programs and arrangements in the States and local communities as may be authorized by the State."

(f) The amendments made by the preceding subsections of this section shall be effective with respect to fiscal years beginning after June 30, 1950.

Part 4—Aid to the Blind

Requirements of State Plans for Aid to the Blind

Sec. 341. (a) Clause (4) of subsection (a) of section 1002 of the Social Security Act is amended to read as follows: "(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to the blind is denied or is not acted upon with reasonable promptness;".

(b) Clause (7) of such subsection is amended to read as follows: "(7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act or aid to dependent children under the State plan approved under section 402 of this Act;".

(c) (1) Effective for the period beginning October 1, 1950, and ending June 30, 1952, clause (8) of such subsection is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the blind; except that the State agency may, in making such determination, disregard not to exceed $50 per month of earned income;"

(2) Effective July 1, 1952, such clause (8) is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard the first $50 per month of earned income;"

(d) Such subsection is further amended by striking out "and" before clause (9) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses: "(10) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist; (11) effective July 1, 1951, provide that all.
individuals wishing to make application for aid to the blind shall have opportunity to do so, and that aid to the blind shall be furnished with reasonable promptness to all eligible individuals; and (12) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions."

(e) Effective July 1, 1952, clause (10) of such subsection is amended to read as follows: "(10) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select."

(f) The amendments made by subsections (b) and (d) shall take effect October 1, 1950; and the amendment made by subsection (a) shall take effect July 1, 1951.

COMPUTATION OF FEDERAL PORTION OF AID TO THE BLIND

Sec. 342. (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 October 1, 1950, (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 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 $50—" (A) three-fourths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $20 multiplied by the total number of such individuals who received aid to the blind for such month, plus "(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); 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 Administrator 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 no other purpose."

(b) The amendment made by subsection (a) shall take effect October 1, 1950.

DEFINITION OF AID TO THE BLIND

Sec. 343. (a) Section 1006 of the Social Security Act is amended to read as follows:

"DEFINITION"

"Sec. 1006. For the purposes of this title, the term 'aid to the blind' means money payments to, or medical care in behalf of or any type of
remedial care recognized under State law in behalf of, blind individuals who are needy, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof.

(b) The amendment made by subsection (a) shall take effect October 1, 1950, except that the exclusion of money payments to needy individuals described in clause (a) or (b) of section 1006 of the Social Security Act as so amended shall, in the case of any of such individuals who are not patients in a public institution, be effective July 1, 1952.

APPROVAL OF CERTAIN STATE PLANS

Sec. 344. (a) In the case of any State (as defined in the Social Security Act, but excluding Puerto Rico and the Virgin Islands) which did not have on January 1, 1949, a State plan for aid to the blind approved under title X of the Social Security Act, the Administrator shall approve a plan of such State for aid to the blind for the purposes of such title X, even though it does not meet the requirements of clause (8) of section 1003 of the Social Security Act, if it meets all other requirements of such title X for an approved plan for aid to the blind; but payments under section 1003 of the Social Security Act shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of such section under a plan approved under such title X without regard to the provisions of this section.

(b) The provisions of subsection (a) shall be effective only for the period beginning October 1, 1950, and ending June 30, 1955.

PART 5—AID TO THE PERMANENTLY AND TOTALLY DISABLED

Sec. 351. The Social Security Act is further amended by adding after title XIII thereof the following new title:

"TITLE XIV—GRANTS TO STATES FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

"APPROPRIATION

"Sec. 1401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age or older who are permanently and totally disabled, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1951, the sum of $50,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Administrator, State plans for aid to the permanently and totally disabled.

"STATE PLANS FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

"Sec. 1402. (a) A State plan for aid to the permanently and totally disabled must (1) provide that it shall be in effect in all political sub-
divisions of the State, and, if administered by them, be mandatory upon
them; (2) provide for financial participation by the State; (3) either pro-
vide for the establishment or designation of a single State agency to
administer the plan, or provide for the establishment or designation of a
single State agency to supervise the administration of the plan; (4)
provide for granting an opportunity for a fair hearing before the State
agency to any individual whose claim for aid to the permanently and
totally disabled is denied or is not acted upon with reasonable promptness;
(5) provide such methods of administration (including methods relating
to the establishment and maintenance of personnel standards on a merit
basis, except that the Administrator shall exercise no authority with
respect to the selection, tenure of office, and compensation of any indi-
vidual employed in accordance with such methods) as are found by the
Administrator to be necessary for the proper and efficient operation of
the plan; (6) provide that the State agency will make such reports, in
such form and containing such information, as the Administrator may
from time to time require, and comply with such provisions as the Admin-
istrator may from time to time find necessary to assure the correctness
and verification of such reports; (7) provide that no aid will be furnished
any individual under the plan with respect to any period with respect to
which he is receiving old-age assistance under the State plan approved
under section 2 of this Act, aid to dependent children under the State
plan approved under section 402 of this Act, or aid to the blind under the
State plan approved under section 1002 of this Act; (8) provide that the
State agency shall, in determining need, take into consideration any
other income and resources of an individual claiming aid to the per-
manently and totally disabled; (9) provide safeguards which restrict the
use or disclosure of information concerning applicants and recipients to
purposes directly connected with the administration of aid to the per-
manently and totally disabled; (10) provide that all individuals wishing
to make application for aid to the permanently and totally disabled shall
have opportunity to do so, and that aid to the permanently and totally
disabled shall be furnished with reasonable promptness to all eligible
individuals; and (11) effective July 1, 1953, provide, if the plan includes
payments to individuals in private or public institutions, for the estab-
lishment or designation of a State authority or authorities which shall be
responsible for establishing and maintaining standards for such insti-
tutions.

"(b) The Administrator shall approve any plan which fulfills the
conditions specified in subsection (a), except that he shall not approve
any plan which imposes, as a condition of eligibility for aid to the perma-
nently and totally disabled under the plan—

"(1) Any residence requirement which excludes any resident of
the State who has resided therein five years during the nine years
immediately preceding the application for aid to the permanently
and totally disabled and has resided therein continuously for one year
immediately preceding the application;

"(2) Any citizenship requirement which excludes any citizen of
the United States.

"PAYMENT TO STATES

"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 October 1, 1950, (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 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 month as exceeds $50—

"(A) three-fourths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $20 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

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 Administrator 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) The method of computing and paying such amounts shall be as follows:

"(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of permanently and totally disabled individuals in the State, and (C) such other investigation as the Administrator may find necessary.

"(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator, of the net amount recovered during a prior quarter by the State or any political subdivision thereof with respect to aid to the permanently and totally disabled furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Administrator for such prior quarter: Provided, That any part of the amount recovered from the estate of a deceased recipient which is not
in excess of the amount expended by the State or any political sub-
division thereof for the funeral expenses of the deceased shall not be
considered as a basis for reduction under clause (B) of this paragraph.

"(3) The Secretary of the Treasury shall thereupon, through the
Fiscal Service of the Treasury Department, and prior to audit or
settlement by the General Accounting Office, pay to the State, at the
time or times fixed by the Administrator, the amount so certified.

"OPERATION OF STATE PLANS

"Sec. 1404. In the case of any State plan for aid to the permanently
and totally disabled which has been approved by the Administrator, if the
Administrator after reasonable notice and opportunity for hearing to the
State agency administering or supervising the administration of such
plan, finds—

"(1) that the plan has been so changed as to impose any residence
or citizenship requirement prohibited by section 1402 (b), or that in
the administration of the plan any such prohibited requirement is
imposed, with the knowledge of such State agency, in a substantial
number of cases; or

"(2) that in the administration of the plan there is a failure to
comply substantially with any provision required by section 1402 (a)
to be included in the plan;

the Administrator shall notify such State agency that further payments
will not be made to the State until he is satisfied that such prohibited
requirement is no longer so imposed, and that there is no longer any
such failure to comply. Until he is so satisfied he shall make no further
certification to the Secretary of the Treasury with respect to such State.

"DEFINITION

"Sec. 1405. For the purposes of this title, the term 'aid to the per-
manently and totally disabled' means money payments to, or medical
care in behalf of, or any type of remedial care recognized under State law
in behalf of, needy individuals eighteen years of age or older who are
permanently and totally disabled, but does not include any such pay-
ments to or care in behalf of any individual who is an inmate of a public
institution (except as a patient in a medical institution) or any individual
(a) who is a patient in an institution for tuberculosis or mental diseases,
or (b) who has been diagnosed as having tuberculosis or psychosis and is
a patient in a medical institution as a result thereof."

PART 6—MISCELLANEOUS AMENDMENTS

Sec. 361. (a) Section 1 of the Social Security Act is amended by
striking out "Social Security Board established by Title VII (herein-
after referred to as the 'Board')" and inserting in lieu thereof "Federal
Security Administrator (hereinafter referred to as the 'Administrator')".

(b) Section 1001 of the Social Security Act is amended by striking
out "Social Security Board" and inserting in lieu thereof "Administrator".

(c) The following provisions of the Social Security Act are each
amended by striking out "Board" and inserting in lieu thereof "Admin-
istrator": Sections 2 (a) (5); 2 (a) (6); 2 (b); 3 (b); 4; 402 (a) (5);
The following provisions of the Social Security Act are each amended by striking out (when they refer to the Social Security Board) "it" or "its" and inserting in lieu thereof "he", "him", or "his", as the context may require: Sections 2 (b); 3 (b); 4; 402 (b); 403 (b); 404; 702; 703; 1002 (a) (5); 1002 (a) (6); 1002 (b); 1003 (b); and 1004.

(e) Title V of the Social Security Act is amended by striking out "Children's Bureau", "Chief of the Children's Bureau", "Secretary of Labor", and (in sections 503 (a) and 513 (a)) "Board" and inserting in lieu thereof "Administrator".

(f) The heading of title VII of the Social Security Act is amended to read "ADMINISTRATION".

(g) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"LIMITATION ON PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS

"Sec. 1108. The total amount certified by the Administrator under titles I, IV, X, and XIV, for payment to Puerto Rico with respect to any fiscal year shall not exceed $4,250,000; 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."

TITLE IV—MISCELLANEOUS PROVISIONS

"OFFICE OF COMMISSIONER FOR SOCIAL SECURITY

"Sec. 401. (a) Section 701 of the Social Security Act is amended to read:

"OFFICE OF COMMISSIONER FOR SOCIAL SECURITY

"Sec. 701. There shall be in the Federal Security Agency a Commissioner for Social Security, appointed by the Administrator, who shall perform such functions relating to social security as the Administrator shall assign to him."

(b) Section 908 of the Social Security Act Amendments of 1939 is repealed.

REPORTS TO CONGRESS

Sec. 402. (a) Subsection (c) of section 541 of the Social Security Act is repealed.

(b) Section 704 of such Act is amended to read:

"REPORTS

"Sec. 704. The Administrator shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which he is charged under this Act. In addition to the number of copies of such report authorized by other law to be printed, there is hereby authorized to be printed not more than five thousand copies of such report for use by the Administrator for distribution to Members of Congress and to State and other public or private agencies or organizations participating in or concerned with the social security program."
SOCIAL SECURITY ACT AMENDMENTS OF 1950

AMENDMENTS TO TITLE XI OF THE SOCIAL SECURITY ACT

SEC. 403. (a) (1) Paragraph (1) of section 1101 (a) of the Social Security Act is amended to read as follows:

"(1) The term 'State' includes Alaska, Hawaii, and the District of Columbia, and when used in titles I, IV, V, X, and XIV includes Puerto Rico and the Virgin Islands."

(2) Paragraph (6) of section 1101 (a) of the Social Security Act is amended to read as follows:

"(6) The term 'Administrator', except when the context otherwise requires, means the Federal Security Administrator."

(3) The amendment made by paragraph (1) of this subsection shall take effect October 1, 1950, and the amendment made by paragraph (2) of this subsection, insofar as it repeals the definition of "employee", shall be effective only with respect to services performed after 1950.

(b) Effective October 1, 1950, section 1101 (a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) The terms 'physician' and 'medical care' and 'hospitalization' include osteopathic practitioners or the services of osteopathic practitioners and hospitals within the scope of their practice as defined by State law."

(c) Section 1102 of the Social Security Act is amended by striking out "Social Security Board" and inserting in lieu thereof "Federal Security Administrator".

(d) Section 1106 of the Social Security Act is amended to read as follows:

"DISCLOSURE OF INFORMATION IN POSSESSION OF AGENCY"

"Sec. 1106. (a) No disclosure of any return or portion of a return (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code, or under regulations made under authority thereof, which has been transmitted to the Administrator by the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any time by the Administrator or by any officer or employee of the Federal Security Agency in the course of discharging the duties of the Administrator under this Act, and no disclosure of any such file, record, report, or other paper, or information, obtained at any time by any person from the Administrator or from any officer or employee of the Federal Security Agency, shall be made except as the Administrator may by regulations prescribe. Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding $1,000, or by imprisonment not exceeding one year, or both.

(b) Requests for information, disclosure of which is authorized by regulations prescribed pursuant to subsection (a) of this section, may be complied with if the agency, person, or organization making the request agrees to pay for the information requested in such amount, if any (not exceeding the cost of furnishing the information), as may be determined by the Administrator. Payments for information furnished pursuant to this section shall be made in advance or by way of reimbursement, as
may be requested by the Administrator, and shall be deposited in the Treasury as a special deposit to be used to reimburse the appropriations (including authorizations to make expenditures from the Federal Old-Age and Survivors Insurance Trust Fund) for the unit or units of the Federal Security Agency which prepared or furnished the information."

(c) Section 1107 (a) of the Social Security Act is amended by striking out "the Federal Insurance Contributions Act, or the Federal Unemployment Tax Act," and inserting in lieu thereof the following: "subchapter E of chapter 1 or subchapter A, C, or E of chapter 9 of the Internal Revenue Code."

(e) Section 1107 (a) of the Social Security Act is amended by striking out "the Federal Insurance Contributions Act, or the Federal Unemployment Tax Act," and inserting in lieu thereof the following: "subchapter E of chapter 1 or subchapter A, C, or E of chapter 9 of the Internal Revenue Code."

(f) Section 1107 (b) of the Social Security Act is amended by striking out "Board" and inserting in lieu thereof "Administrator", and by striking out "wife, parent, or child", wherever appearing therein, and inserting in lieu thereof "wife, husband, widow, widower, former wife divorced, child, or parent".

**Advances to State Unemployment Funds**

Sec. 404. (a) Section 1201 (a) of the Social Security Act is amended by striking out "January 1, 1950" and inserting in lieu thereof "January 1, 1952".

(b) (1) Clause (2) of the second sentence of section 904 (h) of the Social Security Act is amended to read: "(2) the excess of the taxes collected in each fiscal year beginning after June 30, 1946, and ending prior to July 1, 1951, under the Federal Unemployment Tax Act, over the unemployment administrative expenditures made in such year, and the excess of such taxes collected during the period beginning on July 1, 1951, and ending on December 31, 1951, over the unemployment administrative expenditures made during such period."

(2) The third sentence of section 904 (h) of the Social Security Act is amended by striking out "April 1, 1950" and inserting in lieu thereof "April 1, 1952".

(c) The amendments made by subsections (a) and (b) of this section shall be effective as of January 1, 1950.

**Provisions of State Unemployment Compensation Laws**

Sec. 405. (a) Section 1603 (c) of the Internal Revenue Code is amended (1) by striking out the phrase "changed its law" and inserting in lieu thereof "amended its law", and (2) by adding before the period at the end thereof the following: "and such finding has become effective. Such finding shall become effective on the ninetieth day after the Governor of the State has been notified thereof unless the State has before such ninetieth day so amended its law that it will comply substantially with the Secretary of Labor's interpretation of the provision of subsection (a), in which event such finding shall not become effective. No finding of a failure to comply substantially with the provision in State law specified in paragraph (5) of subsection (a) shall be based on an application or interpretation of State law with respect to which further administrative or judicial review is provided for under the laws of the State".

(b) Section 303 (b) of the Social Security Act is amended by inserting before the period at the end thereof the following: ": Provided, That there shall be no finding under clause (1) until the question of entitlement shall have been decided by the highest judicial authority given jurisdiction
under such State law: Provided further, That any costs may be paid with respect to any claimant by a State and included as costs of administration of its law”.

SUSPENDING APPLICATION OF CERTAIN PROVISIONS OF CRIMINAL CODE TO CERTAIN PERSONS

SEC. 406. Service or employment of any person to assist the Senate Committee on Finance, or its duly authorized subcommittee, in the investigation ordered by S. Res. 300, agreed to June 20, 1950, shall not be considered as service or employment bringing such person within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

REORGANIZATION PLAN NO. 26 OF 1950

SEC. 407. For the purposes of section 1 (a) of Reorganization Plan No. 26 of 1950, this Act shall be deemed to have been enacted prior to the effective date of such plan.

And the Senate agree to the same.

R. L. Doughton,
W. D. Mills,
A. Sidney Camp,
Daniel A. Reed,
Roy O. Woodruff,
Thomas A. Jenkins,
Managers on the Part of the House.

Walter F. George,
Tom Connally,
Harry F. Byrd,
E. D. Millikin,
Robert A. Taft,
Managers on the Part of the Senate.
STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two houses on the amendment of the Senate to the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute amendment. The conference agreement is a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, technical, and necessary conforming changes, the following statement explains the differences between the House bill, the Senate amendment, and the substitute agreed to in conference:

OLD-AGE AND SURVIVORS INSURANCE

COVERAGE

Agricultural labor

**Definition of Employment**

The House bill continued the exclusion under existing law of agricultural labor from the definition of "employment," although the House bill narrowed the definition of "agricultural labor." The Senate amendment excluded from the definition of "employment" agricultural labor performed in any calendar quarter by an employee, but only if the cash remuneration paid for such service is less than $50 or the service is performed by an individual who is not regularly employed by the employer to perform such service. The Senate amendment further provided that for this purpose an individual is deemed to be regularly employed by an employer during a calendar quarter only if (i) on each of some 60 days during the calendar quarter such individual performs agricultural labor for such employer for some portion of the day, or (ii) such individual was regularly employed (determined in accordance with the test in the preceding clause) by such employer in the performance of service of the prescribed character during the preceding calendar quarter. The amendment provided that remuneration paid for such service in any medium other than cash would not constitute wages.

The Senate amendment, however, did not apply in the case of service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton. Such service is specifically excepted from employment under the Senate amendment, regardless of the
amount of the remuneration paid for, or the regularity of the performance of, such service. This specific exclusion from employment under the Senate amendment of service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, applies only to service performed in connection with the production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum resin, provided such processing is carried on by the original producer of such crude gum.

The conference agreement adopts the Senate provision with a change in the test of when an individual is deemed to be regularly employed in performing agricultural labor for an employer. Under the conference agreement, an individual is deemed to be regularly employed by an employer during a calendar quarter (including the first quarter of 1951) only if (i) such individual performs agricultural labor (other than services in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton) for such employer on a full-time basis on 60 days (whether or not consecutive) during the quarter, and (ii) the quarter was immediately preceded by a qualifying quarter. A qualifying quarter is defined as (I) any quarter during all of which the individual was continuously employed by the employer, or (II) any subsequent quarter meeting the test of clause (i) above if, after the last quarter during all of which the individual was continuously employed by the employer, each intervening quarter met the test of clause (i). An individual is also deemed to be regularly employed by an employer during a calendar quarter if he was regularly employed (upon application of clauses (i) and (ii)) by the employer during the preceding calendar quarter. Under the conference agreement remuneration for services in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton, is not counted for purposes of the $50 cash wage test.

The Senate amendment adopted the definition contained in the House bill of the term "agricultural labor" except that the Senate amendment adds to the list of service constituting agricultural labor the following: Service performed in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes; and service not in the course of the employer's trade or business or domestic service in a private home of the employer, if such service is performed on a farm operated for profit. The conference agreement adopts the House provision with the additions made by the Senate amendment.

Domestic workers

The House bill excluded from employment service not in the course of the employer's trade or business (including domestic service in a private home of the employer) performed in any calendar quarter by an employee, but only if the cash remuneration paid to an individual for such service is less than $25, or such service is performed by an
individual who is not regularly employed by the employer to perform such service. For the purposes of the exception, an individual is deemed to be regularly employed by an employer during a calendar quarter only if (i) such individual performs for such employer service of the prescribed character during some portion of at least 26 days during the calendar quarter, or (ii) such individual is regularly employed (determined in accordance with clause (i)) by such employer in the performance of service of the prescribed character during the preceding calendar quarter. The Senate amendment modified the House bill by requiring $50 of cash wages instead of $25 of cash wages earned in the quarter; and providing that the test of regularity be based upon performance of services on each of some 24 days during a quarter rather than 26 days.

The conference agreement adopts the Senate amendment 'as to service not in the course of the employer's trade or business. The agreement also conforms with the policy of the Senate amendment with respect to domestic service, but the cash test of $50 is changed from a remuneration earned in the quarter basis to a remuneration paid in the quarter basis. Under the conference agreement, cash remuneration received by an employee in a calendar quarter for domestic service in a private home of the employer does not constitute wages unless the cash remuneration for such service received by the employee from the employer in such quarter is $50 or more, and the employee is regularly employed by the employer in such quarter of payment in the performance of such service.

The House bill excepted from employment service not in the course of the employer's trade or business (including domestic service in a private home of the employer) performed on a farm operated for profit. The Senate amendment omitted this provision because of its amendment (adopted under the conference agreement) including such service within the definition of agricultural labor. The conference agreement conforms with the Senate action.

Federal employees

The House bill excluded from employment service performed in the employ of the United States Government or in the employ of any instrumentality of the United States Government which is partly or wholly owned by the United States but only if (1) such service is covered by a retirement system established by a law of the United States for employees of the United States or of such instrumentality, or (2) the service is of the character described in any one of a list of 13 special classes of excepted services. The Senate amendment adopted the general policies of the House bill except for one area of Federal employment. The large group covered under the Senate amendment and not under the House bill consists of employees serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment; and the conference agreement extends coverage to this group.

The conference agreement contains three separate subparagraphs. Subparagraph (A) excepts from employment service performed in the employ of the United States, if such service is covered by a retirement system established by a law of the United States. Determinations as to whether the particular service is covered by a retirement system of the requisite
character are to be made on the basis of whether such service is covered under a law enacted by the Congress of the United States which specifically provides for the establishment of such retirement system. Subparagraph (B) excepts from employment service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code on December 31, 1950. This provision can apply in the case of an instrumentality created after 1950 if such instrumentality, had it been in existence on December 31, 1950, would have been exempt from such tax by reason of a provision of law in effect on that date. The exception from employment under subparagraph (B) does not apply to (i) service performed in the employ of a corporation which is wholly owned by the United States (but such service, of course, is not included as employment if the service is excluded upon application of the rules contained in subparagraph (A) or (C)); (ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve bank, or a Federal credit union; (iii) service performed in the employ of a State, county, or community committee under the Production and Marketing Administration; (iv) service performed by a civilian employee, who is not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force motion picture service, Navy exchanges, Marine Corps exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department. Subparagraph (C) excepts from employment service performed in the employ of the United States or in the employ of any instrumentality of the United States if the service is of the character described in any one of a list of 13 special classes of excepted services. These 13 special classes of excepted services include the 12 special classes of excepted services listed in the Senate amendment and, in addition, service performed by an individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (either established by a law of the United States or by the agency or instrumentality for which the service is performed).

Employees of transportation systems operated by a State or political subdivision

The House bill included as employment service performed in the employ of a political subdivision of a State (including an instrumentality of one or more subdivisions) in connection with the operation of a public transportation system if such service is performed by an employee who (i) became an employee of the political subdivision in connection with and at the time of its acquisition after 1936 of the transportation system or any part thereof, and (ii) prior to the acquisition rendered services which constituted employment (for social-security-coverage purposes) in connection with the operation of the transportation system or part thereof acquired by the political subdivision. Under the House provision if a city acquired a transportation system in 1930, and in 1940 acquired from private ownership a bus line which became part of the city transportation system, only the
employees taken over from the privately owned bus line would be covered for social-security purposes. Other employees working for the city in connection with the operation of its transportation system, including employees hired after the acquisition of the bus line, would not have been covered under the House provision.

However, in the case of employees taken over by a political subdivision in connection with an acquisition made prior to the effective date of the provisions in the House bill amending the definition of employment, the House bill provided that if the political subdivision filed with the Commissioner of Internal Revenue prior to such effective date a statement that it did not favor the coverage of any employee who became an employee in connection with acquisitions made before such effective date, then the services of such employees would not constitute employment.

The Senate amendment provided for the inclusion as employment of all service performed in the employ of a State or political subdivision (or instrumentality) in connection with the operation of any public-transportation system the whole or any part of which was acquired after 1936. The Senate amendment did not limit coverage to those employees taken over from private employers at the time of such acquisition.

The conference agreement adopts the provision of the Senate amendment as the general rule to be applied, but the agreement sets forth certain conditions and circumstances under which none, or only some, of the employees will be covered.

Under the conference agreement, if the State or political subdivision acquires a transportation system, or any part thereof, from private ownership after 1936 and before 1951, all employees (with respect to services rendered after 1950 in connection with the operation of the transportation system) will be covered unless:

(i) The State or political subdivision on December 31, 1950, has a general retirement system (a defined term) in effect, covering substantially all services performed in connection with the operation of the transportation system; and

(ii) Such general retirement system provides benefits which are protected from diminution or impairment under the State constitution by reason of an express provision, dealing specifically with retirement systems established by the State or subdivisions of the State, which forbids such diminution or impairment.

A constitutional provision permitting diminution or impairment by action of the legislature would not qualify, under the conference agreement, as a constitutional provision described in clause (ii).

If the State or political subdivision made an acquisition described in the preceding paragraph and the employees are not covered under a general retirement system described in clause (ii) above, all service in connection with the transportation system will constitute employment, including the service of all employees hired after 1950 and including the service of employees who did not work for the private employer from whom the State or political subdivision acquired its transportation system.

If the State or political subdivision which acquired part of its transportation system after 1936 and before 1951 had on December 31, 1950, a general retirement system covering the services of its transpor-
tation employees, and the tests of clause (i) and (ii) are both satisfied, none of the employees (subject to a limited exception set forth in the following paragraph) would be covered. This exclusion from employment will apply even in the case of employees who worked for the private employer from whom the State or political subdivision acquired the transportation system (or part thereof) and who became employees of the State or political subdivision in connection with the acquisition.

The conference agreement provides, however, in the case of a transportation system in which service is not employment by reason of rules set forth in the preceding paragraphs, that if the State or political subdivision makes a new acquisition from private ownership after 1950 of an addition to its transportation system, then in the case of any employee who—

(A) Became an employee of the State or political subdivision in connection with and at the time of its acquisition (after 1950) of the addition to its transportation system, and

(B) Prior to such acquisition rendered service which constituted employment (for social-security-coverage purposes) in connection with the operation of the addition to the transportation system acquired by the State or political subdivision,

the service of such employee (in connection with any part of the transportation system) shall constitute employment, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of the new addition took place, unless on such first day the service of the employee is covered by a general retirement system which does not contain special provisions applicable only to employees taken over by the State or political subdivision in connection with such acquisition.

The rule of the immediately preceding paragraph is, under the conference agreement, applicable in one other situation. If a State or political subdivision is operating a public transportation system on December 31, 1950, but no part of the system was acquired after 1936 and before 1951, none of the service of the employees will constitute employment unless the State or political subdivision makes an acquisition on or after January 1, 1951, from private ownership of an addition to its existing system. In the case of such an acquisition of a part of its transportation system, the employees taken over by a State or political subdivision at the time and in connection with such acquisition will be covered, or not covered, upon application of the rule set forth in the preceding paragraph. Employees of the public transportation system not taken over from private ownership at the time of such acquisition would not be affected at all—their service would remain excluded from employment.

In the case of a State or political subdivision which does not operate on December 31, 1950, a transportation system, but acquires a transportation system after such date, the conference agreement provides that all service performed in connection with the operation of the acquired transportation system will constitute employment, unless at the time the first part of such transportation system is acquired by it from private ownership the State or political subdivision has a general retirement system covering substantially all the service performed in the operation of the transportation system.

The term “general retirement system” is defined to mean any pension, annuity, retirement, or similar fund or system established by a
State or political subdivision for employees of the State, political subdivision, or both, but does not include a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

A transportation system or part thereof is considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or the acquired part constituted employment (for social-security-coverage purposes) and some of such employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

The term "political subdivision" is defined to include an instrumentality of a State, of one or more State political subdivisions, or of a State and one or more of its political subdivisions.

Coverage of State and local employees under compacts

The House bill provided for the extension of old-age and survivors insurance coverage to employees of State and local governments under agreements negotiated between the States and the Federal Security Administrator. The House bill also permitted the employees of State and local governments, covered by State or local government retirement systems, to be included in such agreements if two-thirds of the employees consented to be covered under the program. The Senate amendment modified the House provisions. It excluded from the purview of such agreements employees of States and local governments covered by State and local government retirement systems. The Senate amendment further provided for the establishment of separate coverage groups of employees engaged in the performance of single proprietary functions. The conference agreement adopts the Senate provisions.

Employees of religious, charitable, and certain other nonprofit organizations

Under the House bill, employees of religious, charitable, educational, and other organizations exempt from income tax under section 101 (6) of the Internal Revenue Code were covered on a compulsory basis. The House bill, however, granted an exemption to such organizations from the tax imposed on the employer under section 1410 of such code. Provision was made for waiver by the organization of such exemption. If the exemption from taxation was not waived, the employees of the organization would, for the purpose of computing insured status and average monthly wage, receive wage credits for only one-half of the wages paid. An organization waiving its exemption from tax was permitted, under the House bill, to regain its tax-exempt status by giving a 2 years' notice. Such notice of termination could not be given prior to the expiration of 5 years following the effective date of the waiver period.

The Senate amendment provided for compulsory coverage of organizations which are not organized and operated primarily for religious purposes or which are not owned and operated by one or more organizations operating primarily for religious purposes. The organ-
organizations whose employees were covered under the compulsory basis were, under the Senate amendment, subject, on a compulsory basis, to the employers' tax imposed under section 1410 of the Internal Revenue Code. The employees of such organizations were also subject, on a compulsory basis, to the employees' tax imposed under section 1400 of the code. In the case of religious organizations, or organizations owned and operated by religious organizations, provision was made under the Senate amendment for coverage of employees upon filing a statement with the Commissioner of Internal Revenue that the organization desired to have the old-age and survivors insurance system extended to its employees. If such a statement was once filed, it could not thereafter be revoked by the organization.

The conference agreement differs from both the House bill and the Senate amendment. Under the conference agreement service performed in the employ of an organization exempt from income tax under section 101 (6) is excluded from employment unless the organization files a certificate that it desires to have the old-age and survivors insurance system extended to its employees. If it does not file such a certificate, neither the organization nor its employees are subject to the social-security taxes imposed by the Federal Insurance Contributions Act. If it does file such a certificate, both the employer and the employee are, for the period during which the certificate is in effect, subject to such taxes in the same manner as a private employer and his employees. The certificate filed by the organization must certify that at least two-thirds of its employees concur in the filing of the certificate, and the certificate must be accompanied by a list containing the signature, address, and social-security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended, at any time prior to the expiration of the first month following the first calendar quarter for which the certificate is effective, by filing a supplemental list or lists containing the signature, address, and social-security number of each additional employee who concurs in the filing of the certificate. Commencing with the first day following the close of the calendar quarter in which the certificate is filed, the employees who have concurred in the filing of such certificate will be covered for social-security purposes. Any employee who is hired on or after such first day will be covered on a compulsory basis. If an individual, who on such first day was in the employ of the organization, should leave his position and thereafter reenter the employ of such organization, such employee will be covered on and after the date of such reentry, whether or not he concurred in the filing of the certificate when he was previously in the employ of the organization.

The conference agreement further provides that the period for which the certificate is effective may be terminated by the organization upon giving 2 years' advance notice in writing of its desire to terminate the effect of the certificate at the end of a calendar quarter; but only if the certificate has been in effect for a period of not less than 8 years at the time of the receipt of the notice of termination.
The organization may revoke its notice of termination by giving a written notice of such revocation prior to the close of the calendar quarter specified in the notice of termination. The certificate (and any notice of termination or revocation of such notice) must be filed in such form and manner and with such official as may be prescribed by regulations.

Provision is also made, under the conference agreement, for termination of the waiver period upon the initiative of the Commissioner of Internal Revenue. If the Commissioner finds that an organization which filed a certificate has failed to comply substantially with the provisions of the Federal Insurance Contributions Act, or is no longer able to comply with such provisions, the Commissioner can give such organization a 60 days' advance notice in writing that the period covered by the certificate will terminate at the end of the calendar quarter specified in the notice. Such notice by the Commissioner may be revoked by him by giving, prior to the close of the calendar quarter specified in his notice of termination, written notice of the revocation. The Commissioner cannot give notice of termination or revocation thereof without prior concurrence of the Federal Security Administrator.

If the period covered by the certificate is terminated by the organization itself, it may not thereafter file a certificate waiving the exclusion from employment of its employees.

Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order would not constitute employment under the House bill, the Senate amendment, or the conference agreement.

**Effective date**

The provisions of the conference agreement amending the definition of employment apply only with respect to service performed after December 31, 1950.

**Definition of "Wages"**

The House bill continued the provisions of existing law which exclude from wages payments made to or on behalf of an employee under a plan or system providing for payments on account of (1) retirement, (2) sickness or accident disability, (3) medical or hospitalization expenses, or (4) death but provided that such payments made for death benefits should be excluded from wages regardless of whether the employee has certain options or rights, such as the option to receive, instead of the provision for such death benefit, any part of such payment made by the employer, or the right to assign the death benefit or to receive a cash consideration in lieu thereof. The Senate amendment adopted the House provision, but in addition excluded from wages any such payment made to or on behalf of any dependents of an employee under a plan or system providing for the employee and his dependents. The conference agreement adopts the Senate provision.

The House bill excluded from wages certain payments made to, or on behalf of, an employee from or to a trust exempt from tax under section 165 (a) of the code or under or to an annuity plan which meets
the requirements of section 165 (a) (3), (4), (5), and (6). The Senate amendment made a clarifying change in the House provision to assure the exclusion from wages of a payment of the prescribed character made to, or on behalf of, a beneficiary of an employee. The conference agreement adopts the Senate provision.

The Senate amendment added a new provision excluding from wages remuneration for agricultural labor paid in any medium other than cash. The Senate provision was necessary because under the Senate amendment agricultural labor may be covered under certain conditions. The House bill contained no comparable provision. The conference agreement adopts the Senate provision.

The House bill contained an express provision relating to tips and other cash remuneration customarily received by an employee in the course of his employment from persons other than the person employing him. The Senate amendment eliminated this provision of the House bill. The conference agreement conforms to the Senate amendment.

The Senate amendment contained a provision designed to make easier the computation of wages for service not in the course of the employer's trade or business, particularly with respect to wages for domestic service. The House bill contained no comparable provision. The conference agreement adopts the Senate provision, but limits its application to remuneration for domestic service in a private home of the employer. The agreement authorizes the issuance of regulations in appropriate cases for the rounding of remuneration payments for such service to the nearest whole dollar. For example, if a household employee receives a cash remuneration payment of $9.50, or $10.49, or any amount in between, the payment could, if the regulations so provide, be considered to be $10. The rounding of cash wage payments to the nearest whole dollar will ease the householder's part in the social security program for purposes of applying the tax rate to the wage payment, for purposes of any required record keeping, and for purposes of determining whether $50 or more has been paid to the employee in any calendar quarter.

Under the House bill, remuneration paid to certain homeworkers would constitute wages, but the definition of "employee" contained in the Senate amendment resulted in the exclusion of such remuneration from wages. Under the conference agreement, which includes homeworkers as employees, remuneration paid by an employer in any calendar quarter to a homeworker (if such homeworker is an employee under the definition of "employee") will constitute wages, but only if cash remuneration of $50 or more is paid during the calendar quarter by the employer to such homeworker. If $50 or more of cash remuneration is paid by the employer to such homeworker during the calendar quarter, it is immaterial whether the $50 is in payment of services rendered the employer during the quarter of payment or during a previous quarter.

The conference agreement also makes certain amendments in the definition of "wages" for purposes of the Federal Unemployment Tax Act and income-tax withholding to conform such definitions in certain respects with the definition of "wages" under the Federal Insurance Contributions Act.
Effective date

The provisions of the conference agreement amending the definition of wages apply only with respect to remuneration paid after December 31, 1950.

Definition of "Employee"

The definition of the term "employee" in the House bill required that the usual common-law rules be used to determine whether an individual is an employee. The Senate accepted this provision without change but struck out the second sentence of the paragraph in the House bill which was designed to change the effect of the United States Supreme Court's holding in the case of *Bartels v. Birmingham* (332 U. S. 126 (1947)). The conference agreement accepts the Senate amendment. With regard to the meaning of the phrase "the usual common law rules applicable in determining the employer-employee relationship," this opportunity is taken to reiterate and endorse the statement made in the Report of the Committee on Ways and Means in connection with the Social Security Act Amendments of 1939:

A restricted view of the employer-employee relationship should not be taken in the administration of the Federal old-age and survivors insurance system in making coverage determinations. The tests for determining the relationship laid down in cases relating to tort liability and to the common-law concept of master and servant should not be narrowly applied (p. 76).

This statement made in 1939 is equally applicable to the phrase in the bill as agreed upon in the conference agreement, which contemplates a realistic interpretation of the common law rules.

Provisions in both the House bill and the Senate amendment added individuals in certain specified occupational groups who are not necessarily employees under the usual common law rules. However, the Senate amendment made substantial revisions in the additions which were provided in the House bill.

The Senate amendment eliminated entirely the House additions with respect to driver-lessees of taxicabs, contract loggers, mine lessees, and house-to-house salesmen. The conference agreement adopts these Senate amendments.

The Senate amendment struck out the House provision which added outside salesmen in the manufacturing or wholesale trade, substituting a more detailed provision which added city and traveling salesmen performing services under certain specified conditions. Under the conference agreement, city and traveling salesmen are included (subject to the general limitations which appeared in both the House bill and Senate amendment and which are applicable to all of the categories listed in par. (3)) if they are engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, their principals (except for side-line sales activities on behalf of other persons) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations. City and traveling salesmen who sell to retailers or to the others specified, operate off the companies' premises, and are generally compensated on a commission basis, are included within this occupational group. Such salesmen are generally not controlled as to the details of their service or the means by which they cover their territories, but in the ordinary case they are expected to call on regular customers with a fair degree of regularity. The conference agreement requires with respect to a
city or traveling salesman that, in order for him to be included within the term “employee,” his entire or principal business activity must be devoted to the solicitation of orders for one principal. Thus, the multiple-line salesman generally will not be within the scope of this subparagraph of the definition. However, the conference agreement specifies that, if the salesman solicits orders primarily for one principal, he shall not be excluded solely because of side-line sales activities on behalf of one or more other persons. In such a case, the salesman would be the employee under paragraph (3) of the definition only of the person for whom he primarily solicits orders and not of such other persons.

The conference agreement specifically excludes agent-drivers and commission-drivers from the scope of this subparagraph of the definition.

The following examples illustrate the application of the paragraph as it relates to city and traveling salesmen:

1. Salesman A's principal business activity is the solicitation of orders from retail pharmacies on behalf of the X wholesale drug company. A also occasionally solicits orders for drugs on behalf of the Y and Z companies. Within the meaning of subparagraph (3) (D), A is the employee of the X company but not of the Y and Z companies.

2. Salesman B's principal business activity is the solicitation of orders from retail hardware stores on behalf of the R tool company and the S cooking utensil company. B regularly solicits orders on behalf of both companies. Within the meaning of subparagraph (3) (D), B is not the employee of either the R or S company.

3. Salesman C's principal business activity is the house-to-house solicitation of orders on behalf of the T brush company. C occasionally solicits such orders from retail stores and restaurants. Within the meaning of subparagraph (3) (D), C is not the employee of the T company.

The Senate amendment added certain agent-drivers and commission-drivers to paragraph (3) of the definition as it appeared in the House bill. Under paragraph (3) (A) as it appears in the conference agreement, the definition of “employee” includes agent-drivers or commission-drivers who are engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for their principals. This category includes an individual who operates his own truck or the truck of the company for which he performs services, serves customers designated by the company as well as those solicited on his own, and whose compensation is a commission on his sales or the difference between the price he charges his customers and the price he pays to the company for the product or service.

The Senate amendment struck out the House provision which added home workers to the definition of “employee.” Under paragraph (3) (C) of the definition agreed to by the conferees, a home worker is included in the term if he performs work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed. However, as provided in the definition of “wages” adopted by the conference
agreement, a home worker who meets the requirements of this definition of "employee" still will not be covered unless he is paid remuneration in cash of $50 or more in any calendar quarter by the person for whom the services are performed. It is not required that such remuneration must be paid in the quarter in which the services are performed.

With respect to the requirement that the performance of services by a home worker must be subject to licensing laws in the State in which the work is performed as a prerequisite to the inclusion of such individual in the definition of "employee," the conference agreement intends that this requirement will be met either in the case where the State requires a home-work license on the part of the person for whom the services are performed or in the case where the State requires a home-work certificate on the part of the individual who performs the services.

The House bill contained a paragraph (4) of the definition of "employee" which would have included within the meaning of the term any individual who had the status of an employee as determined by the combined effect of seven enumerated factors. The Senate amendment struck out this paragraph, and the conference agreement follows the Senate amendment with respect to this matter.

**SELF-EMPLOYED**

In providing coverage for the self-employed, the House bill excluded from tax (and from benefit coverage) income derived from the performance of service by an individual (or partnership) in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, Christian Science practitioner, or as an aeronautical, chemical, civil, electrical, mechanical, metallurgical, or mining engineer. The Senate amendment added to the list of exclusions the following: naturopaths, architects, certified public accountants, and accountants registered or licensed as accountants under State or municipal law, and funeral directors; and substituted "professional engineers" in lieu of the specific engineers listed in the House bill. The conference agreement adopts the Senate provision, with an addition (to the group excluded) of full-time practicing public accountants.

The House bill also excluded income derived from a trade or business of publishing a newspaper or other publication having a paid circulation. The Senate amendment deleted such exclusion. The conference agreement conforms with the Senate action in extending coverage in this area.

**BENEFITS**

**INDIVIDUALS ENTITLED TO BENEFITS**

*Wife's insurance benefits*

The House bill provided for payment of wife's insurance benefits to a wife under age 65 if she has in her care a child entitled to benefits on the basis of the wages and self-employment income of her husband. The Senate amendment contained no such provision. The conference agreement is the same as the House bill.
The House bill contained no provision for payment of benefits to aged husbands of insured women. The Senate amendment provided for payment of benefits at age 65 to the husband of a woman who was currently insured when she became entitled to old-age insurance benefits if he had received at least one-half his support from her and filed proof thereof within 2 years after she became entitled to old-age insurance benefits (or prior to September 1952 in respect to women now receiving primary insurance benefits who under the conference agreement became entitled to old-age insurance benefits for September 1950). The amount of benefits payable is one-half the primary insurance benefit, as in the case of wife’s benefits based on the husband’s wage record. The conference agreement adopts the provision of the Senate amendment.

The House bill would deem a child dependent upon a natural or adopting mother if she was both fully and currently insured at the time of her death. The Senate amendment would permit a finding of such dependency if the mother was currently insured at her death or entitlement to old-age insurance benefits. Under the Senate amendment children of women possessing such qualifications who died or became entitled to primary insurance benefits prior to September 1950 could become entitled to child’s benefits in September 1950. The conference agreement adopts the Senate provision.

The House bill provided for no benefits to the aged widowers of insured women. The Senate amendment included a provision parallel to that for aged husbands, permitting payment of benefits at age 65 to the widower of a woman who died after August 1950 and who was both fully and currently insured at her death or entitlement to old-age insurance benefits, if he had been receiving at least one-half his support from her and filed appropriate proof within 2 years either of her death or entitlement to old-age insurance benefits. The widower’s benefit, like that for a widow, is three-fourths of the primary insurance amount. The conference agreement is the same as the Senate amendment.

The House bill provided that a lump-sum death payment should be payable on the death of every insured worker. The Senate amendment would have retained existing law with respect to the circumstances under which a lump-sum death payment would be payable, and in addition provided for a residual lump-sum death payment in certain cases. The conference agreement adopts the provisions of the House bill so that survivors’ benefits need not be diverted for payment of burial expenses of an insured worker.

**Computation of Benefits Payable**

**Computation of primary insurance amount**

The House bill defined an individual’s “primary insurance amount” as the sum of (1) his base amount multiplied by his continuation factor, and (2) one-half of 1 percent of his base amount multiplied
by the number of his years of coverage. The "base amount" would have been defined as an amount equal to 50 percent of the first $100 of his average monthly wage plus 10 percent of the next $200 of such wage. The Senate amendment eliminated the continuation factor and the "increment" for years of coverage, and provided a primary insurance amount equal to 50 percent of the first $100 of average monthly wage plus 15 percent of the next $200 of such wage. Under the House bill, the benefit formula stated above would be applicable to any individual who had not received an insurance benefit for a month prior to 1950, or who had not died prior to 1950, and other persons would have had their benefits raised by a conversion table. The Senate amendment would permit any individual who had six or more quarters of coverage after 1950 to have his primary insurance amount computed either by means of the new benefit formula or by means of the formula in the present law (but without "increment" for years after 1950) with the resulting amount raised by the conversion table (discussed hereafter), whichever results in the larger benefit (except that such an individual who attained age 22 after 1950 would always be given the benefit derived under the new formula). The conference agreement adopts the Senate amendment.

Minimum primary insurance amount

Under the House bill, the minimum primary insurance amount was $25. The Senate amendment provided for a minimum primary insurance amount of $25 in those cases in which the average monthly wage was $34 or more, and of $20 where the average monthly wage was less than $34. The conference agreement provides for a minimum primary insurance amount as follows:

<table>
<thead>
<tr>
<th>Average monthly wage range</th>
<th>Primary insurance amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30 or less</td>
<td>$20</td>
</tr>
<tr>
<td>$31</td>
<td>$21</td>
</tr>
<tr>
<td>$32</td>
<td>$22</td>
</tr>
<tr>
<td>$33</td>
<td>$23</td>
</tr>
<tr>
<td>$34</td>
<td>$24</td>
</tr>
<tr>
<td>$35 to $49</td>
<td>$25</td>
</tr>
</tbody>
</table>

Average monthly wage

Under the House bill, an individual’s "average monthly wage" would have been computed by dividing the total of his wages and self-employment income during "years of coverage" after a specified starting date by twelve times the number of such years of coverage. The Senate amendment provides that the average monthly wage should be the total of wages and self-employment income, after a starting date and prior to a closing date, divided by the total number of months in that elapsed period. The conference agreement follows the Senate amendment, thus retaining the method of computation in the present Social Security Act, modified to provide for new starting and closing dates. The conference agreement provides that the average monthly wage may be computed as of the first quarter in which an individual both was fully insured and had attained retirement age if this produces a more favorable result. In the case of individuals age 65 and over on September 1, 1950, who become fully insured under the new insured status provisions and who on such date would not have been fully insured under provisions of present law, the third quarter of 1950 will be considered as such first quarter
rather than any earlier quarter in which they both had obtained six quarters of coverage and had attained retirement age.

**Conversion table**

The House bill provided for increasing existing benefits according to a conversion table which showed, for each dollar amount of existing primary insurance benefit, a new primary insurance amount and an assumed average monthly wage for the purpose of computing maximum benefits. The increase in the average benefit under this table would have been 70 percent. Under the Senate amendment the increase in the average benefit would have been 85 percent and the conversion table would have been used for the computation of the benefits of some persons who first become entitled to benefits after the date of enactment of the Act. The conference agreement follows the Senate amendment except that it provides a schedule of increases about midway between the increases provided by the House bill and the Senate amendment.

**Parent's insurance benefits**

The House bill raised the amount of a parent's benefit from one-half the primary insurance amount to three-fourths. The Senate amendment would have retained existing law under which the parent's benefit is one-half the primary insurance amount. The conference agreement adopts the House provision.

**INSURED STATUS**

**Definition of "quarter of coverage"**

The House bill provided that after 1950 a quarter of coverage for purposes of insured status would be a calendar quarter in which an individual had been paid $100 in wages or had been credited with $200 of self-employment income. The Senate amendment provided that, for calendar quarters after 1950, wages of $50 or self-employment income of $100 would result in a quarter of coverage. The conference agreement follows the Senate amendment.

**Fully insured individual**

The House bill provided that an individual would be fully insured if he either met the requirements of the present Social Security Act or had at least 20 quarters of coverage out of the 40-quarter period ending with the quarter in which he attained retirement age or with any subsequent quarter, or ending with the quarter in which he died. The Senate amendment provided that the individual (if living on September 1, 1950) would be fully insured if he had at least 1 quarter of coverage (no matter when acquired) for each 2 quarters elapsing after 1950, or later attainment of age 21, and up to but excluding the quarter in which he attained retirement age or died, whichever first occurred, but in no case less than 6 quarters of coverage or more than 40 quarters of coverage. The conference agreement adopts the Senate language.

**PERMANENT AND TOTAL DISABILITY INSURANCE**

The House bill provided insurance benefits for totally and permanently disabled insured individuals. The Senate amendment con-
tained no comparable provision. The conference agreement does not provide for permanent and total disability insurance benefits.

**World War II Military Service**

The House bill provided wage credits for World War II military service regardless of whether benefits based in whole or in part upon such service became payable under another Federal benefit system, the cost of such credits to be borne by the Federal Treasury. The Senate amendment provided the same wage credits but only if a benefit based in whole or in part upon the veteran's military service during World War II were not payable under another Federal benefit system, and provided that the costs should be borne by the trust fund. The Senate amendment also provided that the Federal Security Administrator should ascertain from the Civil Service Commission whether benefits were payable by other Federal agencies based in whole or in part upon military service. The conference agreement follows the Senate amendment except that it requires the Federal Security Administrator to ascertain the facts with respect to other Federal benefit payments directly from the agency involved rather than through the Civil Service Commission.

**Effective Dates**

The House bill provided that the effective date for the new benefit provisions would be January 1, 1950. The Senate amendment provided that the new benefit provisions would be effective with respect to months beginning with the second calendar month after the date of enactment of the bill. Under the conference agreement the new benefit provisions will be applicable for months after August 1950.

**Financing and Administrative Provisions**

**Tax Rates**

**Rate of tax on wages**

The House bill increased the rate of the employees' tax and of the employers' tax under the Federal Insurance Contributions Act from 1½ to 2 percent on January 1, 1951. The Senate amendment postponed the increase in rates until January 1, 1956. The conference agreement increases the rate of each tax to 2 percent on January 1, 1954. Otherwise the rates under the House bill, the Senate amendment, and the conference agreement are the same. Under the agreement the rates of each tax are as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the calendar years 1950 to 1953, inclusive</td>
<td>1½</td>
</tr>
<tr>
<td>For the calendar years 1954 to 1959, inclusive</td>
<td>2</td>
</tr>
<tr>
<td>For the calendar years 1960 to 1964, inclusive</td>
<td>2½</td>
</tr>
<tr>
<td>For the calendar years 1965 to 1969, inclusive</td>
<td>3</td>
</tr>
<tr>
<td>For the calendar year 1970 and subsequent calendar years</td>
<td>3½</td>
</tr>
</tbody>
</table>

**Rate of tax on self-employment income**

Under the House bill, the Senate amendment, and the conference agreement, the rates of tax on self-employment income are one and one-half times the rates of the employees' tax under the Federal Insurance Contributions Act.
The rates of the tax on such income for the respective taxable years under the conference agreement are as follows:

<table>
<thead>
<tr>
<th>For taxable years</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning after Dec. 31, 1950, and before Jan. 1, 1954</td>
<td>2½</td>
</tr>
<tr>
<td>Beginning after Dec. 31, 1953, and before Jan. 1, 1960</td>
<td>3</td>
</tr>
<tr>
<td>Beginning after Dec. 31, 1959, and before Jan. 1, 1965</td>
<td>3½</td>
</tr>
<tr>
<td>Beginning after Dec. 31, 1964, and before Jan. 1, 1970</td>
<td>4½</td>
</tr>
<tr>
<td>Beginning after Dec. 31, 1969</td>
<td>4</td>
</tr>
</tbody>
</table>

**Appropriations to the Trust Fund**

The Senate amendment changed that portion of section 201 (a) of the Social Security Act which appropriates to the trust fund amounts equivalent to 100 percent of the taxes received under the Federal Insurance Contributions Act and covered into the Treasury. Under the amendment amounts appropriated would be determined by reference to the taxes on the total taxable wages and self-employment income reported for tax purposes, rather than by reference to the sum of the collections of such taxes. However, with respect to taxes deposited into the Treasury by collectors of internal revenue before January 1, 1951, the amount appropriated will be determined in the same manner as under the present method. After that date and for an additional period of 2 years ending with the close of 1952, collectors of internal revenue would be required to continue to account separately for collections of such taxes which had been assessed but not collected before January 1, 1951. The House bill contained no comparable provision. The conference agreement adopts the Senate amendment.

The House bill continued the provisions of existing law which appropriate to the trust fund, in addition to the taxes, any interest, penalties, or additions to the taxes collected under the old-age and survivors insurance program. The Senate amendment did not appropriate to the trust fund any such interest, penalties, or additions to the taxes. Nor does the conference agreement appropriate to the trust fund any interest, penalties, or additions to the taxes. It is believed, however, that the fact that no interest, penalties, or additions to the taxes are appropriated to the trust fund should be given consideration in determining the estimated amounts of administrative expenses charged to the trust fund by the Treasury Department for the performance of its duties in collecting the taxes under the old-age and survivors insurance program, although it is recognized that no fixed amount can be assigned to this factor.

**Payments of Special Refunds From Trust Fund**

The House bill changed section 201 (f) of the Social Security Act to require that refunds of the taxes collected for the old-age and survivors insurance program be made from the trust fund beginning January 1, 1950. The Senate amendment continued the provisions of existing law which appropriate to the trust fund amounts equivalent to 100 percent of the taxes collected for the old-age and survivors insurance program, except that such amounts would be determined by reference to the taxes on the total taxable wages and self-employment income reported for tax purposes, rather than by reference to the sum of the collections of such taxes. The Senate amendment did not expressly authorize refunds of such taxes to be made from the trust fund. An
adjustment for erroneous payments of employer and employee taxes would automatically have been made in the trust fund by means of the new appropriation procedure provided under the Senate amendment.

The conference agreement requires the managing trustee to pay from the trust fund into the Treasury the amount estimated by him as taxes which are subject to refund under section 1401 (d) of the Internal Revenue Code with respect to wages paid after December 31, 1950. Such taxes are to be determined on the basis of the records of wages established and maintained by the Federal Security Administrator in accordance with the wages reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of the Internal Revenue Code. The Federal Security Administrator is required to furnish the managing trustee such information as may be required by the trustee for making such estimates. The payments by the managing trustee are required to be covered into the Treasury as repayments to the account for refunding internal revenue collections.

RETURN OF SELF-EMPLOYMENT TAX

Under the House bill the provisions imposing the tax on self-employment income were included in the Internal Revenue Code as subchapter F of chapter 9, so that such tax was levied as one of the employment taxes subject to the administrative provisions relating to miscellaneous taxes. The Senate amendment included the provisions imposing the self-employment tax as subchapter E of chapter 1 of the code, relating to the income tax. Under the Senate amendment the self-employment tax would be levied, assessed, and collected as part of the income tax imposed by chapter 1 of such code, except that it would not be taken into account for purposes of the estimated tax. In view of the close connection between the self-employment tax and the present income tax, and in the interests of simplicity for taxpayers and economy in administration, your conferees believe that it is preferable to have the tax on self-employment income handled in all particulars as an integral part of the income tax. The conference agreement therefore adopts the provisions of the Senate amendment with respect to the integration of the self-employment tax with the income tax under chapter 1. Thus, except as otherwise expressly provided, the self-employment tax will be included with the normal tax and surtax under chapter 1 in computing any overpayment or deficiency in tax under such chapter and in computing the interest and any additions to such overpayment, deficiency, or tax. The self-employment tax will be subject to the jurisdiction of The Tax Court to the same extent and the same manner as other taxes under chapter 1.

Subsection (a) of section 482 of the code, as added by the Senate amendment, would require every individual (other than a nonresident alien) having net earnings from self-employment of $400 or more for the taxable year to file a return containing such information for the purpose of carrying out the provisions of the subchapter imposing the tax on self-employment income as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury shall by regulations prescribe. Such a return would be considered a return required under section 51 (a), and the provisions applicable to returns under section 51 (a) would be applicable to such return.
However, the tax on self-employment income, in the case of a joint return of husband and wife, is the sum of the taxes computed on the separate self-employment income of each spouse. With respect to the tax on self-employment income, the requirement of section 51(b)—that in the case of a joint return the tax is computed on the aggregate income of the spouses is not applicable. The conference agreement adopts the Senate provision.

Receipts for Employees

The Senate amendment contained a provision relating to receipts for employees, which is similar to the existing section 1625 of the code, relating to receipts for income tax withheld (the Form W-2 furnished to employees). The provision would supersede section 1625, and section 1403 (relating to employee receipts for social-security tax withheld), of the code with respect to wages paid after December 31, 1950, and would provide for one receipt which would give the employee full information (1) as to his wages subject to employee social-security tax, and the amount deducted and withheld from him as such tax, and (2) as to his wages subject to income-tax withholding and the amount deducted and withheld as such tax. The House bill contained no comparable provision. The conference agreement, by adding a new section 1633 to the code, adopts the provisions of the Senate amendment, relating to receipts, with conforming amendments to reflect the elimination of the Senate provisions relating to combined withholding.

The Senate amendment contained a provision, relating to penalties, which corresponds to the existing section 1626 (a) and (b) of the code. The amendment provided penalties applicable in the case of a fraudulent statement and in the case of a failure to file a statement required under the provision discussed in the preceding paragraph. The provision was applicable with respect to wages paid after December 31, 1950. The House bill contained no provision with respect to this matter. The conference substitute, by adding a new section 1634 to the code, adopts the provision of the Senate amendment.

Special Refunds Creditable Against Income Tax

The Senate amendment authorized the Commissioner of Internal Revenue under regulations to permit "special refunds" to be taken by the taxpayer as a credit against his income tax. The Senate amendment amended section 322 (a) of the code by authorizing the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to prescribe regulations which would permit the employee-taxpayer to claim credit against his income-tax liability under chapter 1 of the code for employee social-security tax withheld on his wages in excess of $3,600 received during the calendar year by reason of his employment by two or more employers. "Special refunds" so credited would be treated for all purposes in the same manner as amounts withheld as tax under subchapter D of chapter 9 of the code. This provision of the Senate amendment is only applicable with respect to "special refunds" of employee social-security tax on wages paid after December 31, 1950. Nor may "special refunds" be claimed as a
credit against the tax for any taxable year beginning before January 1, 1951.

The House bill contained no comparable provision. The conference agreement adopts the language of the Senate provision.

PERIODS OF LIMITATION ON ASSESSMENTS AND REFUNDS

Under existing law, the periods of limitations on the taxes imposed by chapter 9 are prescribed in section 3312 of the Internal Revenue Code, relating to assessments and collections, and section 3313, relating to refunds and credits. In general, those sections provide a 4-year period of limitation on both assessments and refunds, and a 5-year period for bringing a proceeding in court for collection without assessment. On the other hand, the general rule of the income tax is that assessment must be made and refund must be claimed in the 3-year period after the return is filed, except that if no return is filed refund must be claimed within 2 years after the tax is paid, and in any event refund may be claimed within such 2-year period. The Senate amendment provided special periods of limitation similar to those provided for income tax in the case of those taxes under the Federal Insurance Contributions Act, the income-tax-withholding provisions, and the combined withholding provisions, which are collected and paid under a return system. The House bill contained no provision with respect to this matter. The conference agreement adopts the provisions of the Senate amendment, with conforming amendments to reflect the elimination of the provisions relating to combined withholding.

The conference agreement provides, by inserting new sections 1635 and 1636 in chapter 9 of the code, special periods of limitation which are applicable to such of the taxes under the Federal Insurance Contributions Act, and the income-tax-withholding provisions, as are collected and paid under a return system. These provisions are in lieu of the provisions of sections 3312 and 3313 with respect to those taxes. However, the provisions of sections 3312 and 3313 will be applicable to any taxes imposed by the Federal Insurance Contributions Act and subchapter D of chapter 9 of the code (relating to income-tax withholding) which the Commissioner of Internal Revenue may require to be collected and paid, not by making and filing returns, but by stamp or by other authorized methods. The periods of limitation prescribed by sections 1635 and 1636 are measured from the date the return is filed, which date is subject to the conclusive presumption described in the next sentence. Returns for any period in a calendar year, such as quarterly returns, which are filed before March 15 of the succeeding calendar year, are deemed filed (and tax paid at the time of filing such returns is deemed paid) on March 15 of such succeeding calendar year, so that the period of limitations with respect to the tax for any part of a calendar year will run uniformly from a date in the succeeding year which corresponds to the filing date for income-tax returns.

The periods of limitation prescribed by sections 1635 and 1636 will be applicable only to taxes imposed with respect to remuneration paid during calendar years after 1950. The taxes under chapter 9 imposed with respect to remuneration paid during any calendar year before 1951 will continue to be subject to sections 3312 and 3313.
Mitigation of Effect of Statute of Limitations, Etc.

The Senate amendment would add to the code a new section (sec. 3812), not included in the House bill, relating to the mitigation of the effect of the statute of limitations and other provisions in case of related taxes under different chapters. This section is made necessary by the fact that adjustments to the wages under the Federal Insurance Contributions Act may, by reason of the effect of such wages on the $3,600 limitation applicable in determining self-employment income, affect the tax under the Self-Employment Contributions Act, and by reason of the fact that an item of income may be erroneously reported as taxable under one act when it should have been taxable under the other act. If adjustment under only one of the two acts is prevented by the statute of limitations or any other law or rule of law (other than sec. 3761 of the code, relating to compromises), then the adjustment (that is, the assessment or the credit or refund) otherwise authorized under the one act will reflect the adjustment which would have been made under the other act but for such law or rule of law. The conference agreement adopts the language of the Senate amendment.

Collection of Taxes in Virgin Islands and Puerto Rico

The House bill and Senate amendment both provided that, notwithstanding any other provision of law respecting taxation in the Virgin Islands or Puerto Rico, all taxes imposed by the Self-Employment Contributions Act and the Federal Insurance Contributions Act shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections. This provision is retained in the conference agreement. In addition, the conference agreement provides that all provisions of the internal-revenue laws of the United States relating to the administration and enforcement (such as the provisions relating to the ascertainment, return, determination, redetermination, assessment, collection, remission, credit, and refund) of the tax imposed by the Self-Employment Contributions Act, including the provisions relating to The Tax Court of the United States, and of any tax imposed by the Federal Insurance Contributions Act shall, in respect of such tax, extend to and be applicable in the Virgin Islands and Puerto Rico in the same manner and to the same extent as if the Virgin Islands and Puerto Rico were each a State, and as if the term "United States" when used in a geographical sense included the Virgin Islands and Puerto Rico.

Combined Withholding of Income and Employee Social Security Taxes

The Senate amendment provided under certain conditions for the combined withholding of the income tax at source on wages under subchapter D of chapter 9 of the code and of the employees' tax under the Federal Insurance Contributions Act. The House bill contained no provision with respect to combined withholding. The conference agreement contains no such provision.
Opportunity for a fair hearing

The House bill provided with respect to all categories of public assistance for granting an opportunity for a fair hearing before the State agency to any individual whose claim for assistance is denied or is not acted upon within a reasonable time. The Senate amendment provided for granting an opportunity for a fair hearing before the State agency to any individual whose claim for assistance is denied or is not acted upon with reasonable promptness. The conference agreement follows the Senate amendment.

Training program for personnel

The House bill provided with respect to all categories of public assistance for a training program for the personnel necessary to the administration of each plan. The Senate amendment contained no such provision. Most public assistance agencies have developed training programs which are being used to advantage in the efficient expenditure of public funds. The further establishment and expansion of such programs should be encouraged, but this is left as a matter for State initiative. The conference agreement, therefore, contains no such provision.

Opportunity to apply for and to receive assistance promptly

The House bill provided with respect to all categories of public assistance that all individuals wishing to make application for assistance shall have opportunity to do so and that assistance shall be furnished promptly to all eligible individuals. The Senate amendment provided that all individuals wishing to make application for old-age assistance shall have opportunity to do so and that old-age assistance shall be furnished with reasonable promptness to all eligible individuals. The conference agreement follows the Senate amendment.

The requirement to furnish assistance "with reasonable promptness" will still permit the States sufficient time to make adequate investigations but will not permit them to establish waiting lists for individuals eligible for assistance.

Residence provisions

The Senate amendment added a provision to the present residence requirement with respect to aid to dependent children which would prevent the States from denying assistance with respect to any child who was born within 1 year immediately preceding the application for assistance if the parent or other relative with whom the child is living has resided in the State for 1 year immediately preceding the birth. The House bill contained no such provision. The conference agreement follows the Senate amendment.

For aid to the blind, the House bill provided that the State could not, as a condition of eligibility, require residence in the State of more
SOCIAL SECURITY ACT AMENDMENTS OF 1950

than 1 year immediately prior to filing the application for aid. The Senate amendment did not contain any such provision. The conference agreement does not contain any such provision.

Special requirements for aid to the blind

The House bill provided that a State might disregard such amount of earned income up to $50 per month as the State vocational rehabilitation agency for the blind certifies will encourage and assist the blind to prepare for or engage in remunerative employment. It also provided that the State must take into consideration the special expenses arising from blindness and must disregard income or resources not predictable or actually available. The Senate amendment provided that prior to July 1, 1952, a State might disregard earned income up to $50 per month in the discretion of each State. After July 1, 1952, the State would be required to disregard earned income up to $50 per month. The conference agreement follows the Senate amendment.

The House bill provided that any State which did not have an approved plan for aid to the blind on January 1, 1949, could have its plan approved even though it did not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act relating to the consideration of income and resources in determining need. It was specified, however, that the Federal participation would be limited to payments made to individuals whose income and resources had been taken into consideration in the manner required by such clause 1002 (a) (8).

Under the House bill these provisions would have been effective for the period beginning October 1, 1949, and ending June 30, 1955. Under the Senate amendment they would have been permanent. The conference agreement provides that they shall be effective for the period beginning October 1, 1950, and ending June 30, 1955.

The House bill provided that in determining blindness there must be an examination by a physician skilled in diseases of the eye or by an optometrist. The Senate amendment provided that in determining blindness there must be an examination by a physician skilled in diseases of the eye. It further provided that the services of an optometrist within the scope of the practice of optometry, as prescribed by the laws of the State, shall be made available to recipients of aid to the blind as well as to recipients of any grant-in-aid program for improvement or conservation of vision. The conference agreement follows the House provision with an amendment providing that after June 30, 1952, an applicant for aid to the blind may select either a physician skilled in diseases of the eye or an optometrist to make the examination.

Federal Share of Expenditures

The House bill provided with respect to old-age assistance and aid to the blind for Federal participation to the extent of four-fifths of the first $25 of the State's average monthly payment per recipient, plus one-half of the next $10 of the average, plus one-third of the remainder of the average within the individual maximums of $50. The Senate amendment retained the formula in the present law with the exception of a special provision in the old-age-assistance title reducing the Federal percentage contributed toward assistance payments to certain individuals who were also primary insurance beneficiaries under the old-age and survivors insurance program.
Under existing law the Federal share is three-fourths of the first $20 of the State's average monthly payment plus one-half of the remainder within individual maximums of $50. The conference agreement follows existing law.

With respect to aid to dependent children the House bill provided for Federal participation to the extent of four-fifths of the first $15 of the State's average monthly payment per recipient, plus one-half of the next $6 of the average payment, plus one-third of the remainder of the average payment within the individual maximums of $27 for the relative with whom the children are living, $27 for the first child, and $18 for each additional child. The Senate amendment retained the present formula for determining the Federal percentage contributed toward assistance payments but increased the maximum with respect to individual payments to $30 for the relative with whom the children are living, $30 for the first child and $20 for each additional child. Under existing law the Federal share is three-fourths of the first $12 of the average monthly payment per child, plus one-half of the remainder within individual maximums of $27 for the first child and $18 for each additional child in a family. The conference agreement retains existing law with respect to the maximums for children and the formula and provides a maximum of $27 with respect to the relative with whom the children are living.

Medical Care

The House bill provided with respect to all categories of public assistance that the term “assistance” might include money payments to, or medical care in behalf of, needy individuals. The Senate amendments provided for the inclusion of money payments to, or medical care in behalf of, or any type of remedial care recognized under State law in behalf of, needy individuals. The conference agreement follows the Senate amendment. The addition of remedial care was to make it clear that assistance includes the services of Christian Science practitioners.

Establishment of a New Program of Aid to the Permanently and Totally Disabled

The House bill provided for a new title XIV of the Social Security Act making Federal grants-in-aid available to needy permanently and totally disabled individuals. The Senate amendment contained no such provision.

The conference agreement provides for a new title XIV under which aid would be provided to needy permanently and totally disabled individuals 18 years of age and older. The maximum residence requirement that a State might impose is established at 5 out of the last 9 years and 1 year immediately preceding the application. The plan requirements and provision for medical care are identical with those established by the conference agreement for old-age assistance. Likewise the Federal share of expenditures will be three-fourths of the first $20 of the State's average monthly payment plus one-half of the remainder within an individual maximum of $50, as in the case of old-age assistance.
Although assistance would be confined to those who are permanently and totally disabled, it is recognized that with proper training, some of the individuals aided possibly could be returned to a condition of self-support. With the authorizations for an assistance program to cover this group it is believed that the State public assistance agencies will work even more closely than before with State rehabilitation agencies in developing policies which will assure that every individual for whom vocational rehabilitation is feasible will have an opportunity to be rehabilitated. To the extent that such efforts are successful the assistance rolls will be lowered.

PUERTO RICO AND THE VIRGIN ISLANDS

The House bill provided that all categories of public assistance be extended to Puerto Rico and the Virgin Islands. The Federal share of expenditures was limited to 50 percent. The maximums on individual payments with respect to old-age assistance, aid to the blind, and aid to the permanently and totally disabled, were $30 per month. For aid to dependent children the maximums were $18 with respect to the first child and $12 with respect to each of the other dependent children in the same home. The Senate amendment contained no such provision. The conference agreement follows the House bill, but limits the total amount authorized to be certified by the Federal Security Administrator in all four categories with respect to any fiscal year to $4,250,000 for Puerto Rico and $160,000 for the Virgin Islands.

MATERNAL AND CHILD HEALTH AND CHILD WELFARE

MATERNAL AND CHILD HEALTH

The Senate amendment provided for increasing the authorization for annual appropriations for maternal and child health from $11,000,000 to $20,000,000, with the $35,000 uniform allotment to each State increased to $60,000. The House bill contained no such provision. The conference agreement provides for the fiscal year beginning July 1, 1950, an authorization of $15,000,000 and for each fiscal year thereafter $16,500,000, and in each case the uniform allotment to each State is to be $60,000.

CRIPPLED CHILDREN

The Senate amendment provided for an increase in the amount authorized to be appropriated annually with respect to crippled children to $15,000,000 with the annual uniform allotment to each State to be increased to $60,000. The House bill contained no such provision. The conference agreement provides for the fiscal year beginning July 1, 1950, an authorization of $15,000,000 and for each fiscal year thereafter $16,500,000, and in each case the uniform allotment is to be $60,000.

CHILD WELFARE SERVICES

The House bill provided for an authorization for annual appropriation for child welfare services of $7,000,000, with the $20,000 uniform allotment to each State increased to $40,000. A specific provision
was made authorizing expenditures for returning any run-away child under age 16 from one State to his own community in another State if such return is in the interest of the child and the cost cannot otherwise be met. The Senate amendment provided for increasing the amount authorized to be appropriated annually to $12,000,000, with the allotments to the States to be on the basis of rural population under the age of 18. It also provided that in developing the various services under the State plans, the States would be free, but not compelled, to utilize the facilities and experience of voluntary agencies for the care of children in accordance with State and community programs and arrangements. The Senate amendment retained the increased $40,000 allotment and the provision relating to run-away children that were in the House bill. The conference agreement follows the Senate amendment, except that the amount authorized to be appropriated annually is $10,000,000.

MISCELLANEOUS

DEFINITIONS

The Senate amendment contained a provision, not in the House bill, defining for the purposes of the Social Security Act the terms "physician", "medical care", and "hospitalization" to include osteopathic practitioners or the services of osteopathic practitioners and hospitals within the scope of their practice as defined by State law. The conference agreement follows the Senate amendment.

DISCLOSURE OF INFORMATION

The House bill retained existing law with respect to disclosure of information and in addition specifically authorized the Federal Security Administrator to release, upon request, and to charge fees for, (1) wage-record information for State unemployment-compensation agencies, (2) special reports on individual wage records, and (3) special statistical studies and compilations of data relating to social-security programs.

The Senate amendment authorized the Administrator to release, upon request, and to charge fees for (1) wage-record information to State agencies administering unemployment-compensation laws, and (2) special statistical studies and compilations of data relating to social-security programs. The Senate amendment required the Administrator to furnish wage-record information to a wage earner or his agent designated in writing (or, after death, his wife, child, or parent). The Senate amendment did not authorize any other disclosures.

The conference agreement retains existing law respecting the authority for disclosure of information and authorizes the Administrator to charge fees for the information furnished. In addition, it requires the Administrator to furnish wage-record information to the legal representative of an individual or to the legal representative of the estate of a deceased individual.
ADVANCES TO STATE UNEMPLOYMENT FUNDS

The Senate amendment contained a provision, not in the House bill, making operative until December 31, 1951, title XII of the Social Security Act providing for advances to the accounts of States in the Unemployment Trust Fund. The conference agreement adopts the Senate provision.

SERVICES FOR COOPERATIVES PRIOR TO 1951

The Senate amendment provided that wages paid to an individual for services performed prior to 1951 in the employ of a farmers cooperative should be deemed to constitute remuneration for employment for benefit purposes if (1) the employer was a farmer cooperative within the meaning of section 101(12) of the Internal Revenue Code; (2) the services constituted agricultural labor within the meaning of section 209 (1) of existing law and the corresponding section of the Internal Revenue Code and, except for such sections, would have constituted employment under existing law; (3) the employer paid the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code with respect to the remuneration paid for the services upon the assumption that the services did not constitute agricultural labor; and (4) no refund of such taxes had been obtained. The House bill contained no comparable provision. The conference agreement adopts the Senate amendment.

CERTAIN REINCORPORATIONS PRIOR TO 1951

The Senate amendment provided certain limited relief from the taxes under subchapters A and C of chapter 9 of the Internal Revenue Code, where a corporation incorporated under the laws of one State is succeeded by another corporation incorporated under the laws of another State. There was no corresponding provision in the House bill. The conference agreement adopts the provisions of the Senate amendment. The relief is applicable only in the case of successions taking place at some time during the period from January 1, 1946, to December 31, 1950, both dates inclusive. If all of the conditions specified in the provision are met, the successor may count toward the $3,000 limitation in the definition of wages under such subchapters, before applying such limitation to remuneration paid by the successor to its employees in the calendar year in which the succession takes place, the amount of the taxable wages paid by the predecessor in such calendar year to the same employees, as though such wages paid by the predecessor had been paid by the successor; and, subject to the applicable statutes of limitation, the successor may be entitled under the provision to a credit or refund, without interest, of certain taxes (together with any interest or penalty thereon) paid by it with respect to certain remuneration which it paid during such calendar year. The credit or refund is limited to employer tax under section 1410 of subchapter A and employer tax under section 1600 of subchapter C.
PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS

The Senate added to the House bill a new section 405 relating to findings under section 1603 of the Internal Revenue Code and under section 303 (b) (1) of the Social Security Act. The conference agreement adopts the Senate amendment in this respect. The present authority of the Secretary of Labor under section 1603 of the Internal Revenue Code and section 303 (b) of the Social Security Act is not changed but would merely be delayed in operation by providing:

1. That no finding shall be made under section 1603 (c) of the Internal Revenue Code that a State law no longer contains the provisions specified in subsection 1603 (a) unless the State has amended its law;

2. That a finding under section 1603 (c) of the Internal Revenue Code shall become effective on the ninetieth day after the Governor of a State is notified thereof unless the State law is sooner amended to comply substantially with the Secretary's interpretation of the applicable provision of section 1603 (a), thus, where circumstances require, giving retroactive effect to the finding so as to invalidate any intervening temporary certification to the Secretary of the Treasury and at the same time enabling the State to act in the interim to amend its law;

3. That no finding that the State is failing to comply substantially with the requirements of section 1603 (a) (5) of the Internal Revenue Code shall be based on an application or interpretation of State law with respect to which further administrative or judicial review is provided for under the laws of the State, thereby ensuring that no finding may be made unless further appeal or review is impossible in the particular case;

4. That there shall be no finding under section 303 (b) (1) of the Social Security Act until the question of entitlement to benefits is decided by the highest judicial authority given jurisdiction under State law.

The amendment also permits any costs of litigation to State benefit claimants, if paid by the State, to be included as part of the cost of administration to be paid for from granted funds.

The conference agreement is intended as a temporary measure of a stop gap nature pending reexamination by the appropriate committees during the next session of Congress of the whole field of unemployment insurance legislation to ascertain the desirability of appropriate permanent legislation.

SUSPENDING APPLICATION OF CERTAIN PROVISIONS OF CRIMINAL CODE TO CERTAIN PERSONS

The Senate amendment provided that service or employment of any person to assist the Senate Committee on Finance, or its duly authorized subcommittee, in the investigation of the Social Security Act program ordered by Senate Resolution 300 shall not be considered as service or employment bringing such person within certain provisions
of law relating to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States. The House bill contained no such provision. The conference agreement adopts the Senate amendment.

R. L. Doughton,
W. D. Mills,
A. Sidney Camp,
Daniel A. Reed,
Roy O. Woodruff,
Thomas A. Jenkins,
Managers on the Part of the House.
Mr. DOUGHTON. Mr. Speaker, I call up the conference report on the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 2771)
The committee of conference on the disagreeing votes of the two Houses on the

SOCIAL SECURITY ACT OF 1950

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“(2) Such child’s insurance benefit for each month shall be equal to one-half of the sum of (A) one-half of the primary insurance amount of such individual at the time she died, and (B) one-fourth of such primary insurance amount divided by the number of such children.

“(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1) (C) unless, at such time, such individual was not living with or contributing to the support of such child and—

“(a) such child is neither the legitimate nor the adopted child of such individual, or

“(b) such child had been adopted by some other individual, or

“(c) such child was living with and was receiving more than one-half of his support from his stepfather.

“(4) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1) (C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

“(5) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1) (C) if, at such time, the child was not living with or contributing to the support of such child and—

“(a) she was living with or contributing to the support of such child, and

“(b) such child was neither living with nor receiving contributions from his father or adopting father, or (II) such child was receiving at least one-half of his support from her.

“‘Widower’s insurance benefits

“(a) The widow (as defined in section 216 (g) of an individual who died a fully insured individual after 1939, if such widower—

“(A) has not remarried,

“(B) has attained retirement age,

“(C) has filed application for widower’s insurance benefits or was entitled to husband’s insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which she died.

“(D) was living with such individual at the time of his death.

“(E) (i) was living with such individual at the time of such individual’s death, or (ii) was entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such deceased husband.

“‘(2) Such widow’s insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of her deceased husband.

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“(D) was living with such individual at the time of his death.

“(E) (i) was living with such individual at the time of such individual’s death, or (ii) was entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such deceased husband.

“(F) such widow’s insurance benefit for each month shall be equal to one-half of the old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual.

“(G) such widow is entitled to a parent’s insurance benefit for each month, beginning with the first month after August 1950 in which he becomes entitled to such benefit and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child’s insurance benefit, such widow or former wife divorced becoming entitled to an old-age insurance benefit, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such deceased individual.

“(H) such widow is entitled to a parent’s insurance benefit for each month, beginning with the first month after August 1950 in which she becomes entitled to such insurance benefit and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child’s insurance benefit, such widow or former wife divorced becoming entitled to an old-age insurance benefit, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such deceased individual.

“(3) As used in this subsection, the term ‘parent’ means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adoptive parent by whom an individual was adopted before he attained the age of sixteen.
"Lump-sum death payments

(1) Upon the death, after August 1950, of an individual who is a fully or currently insured individual, an amount equal to three times such individual’s primary insurance amount shall be paid to the person, if any, determined by the Administrator to be the widow or widower of the deceased individual living at the date of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any other person or persons equitably entitled thereto, to the extent and in the proportions that he or they have paid the estimated wages of such insured individual.

(2) No payment shall be made to any person under this subsection unless application therefor has been filed prior to the expiration of two years after the date of death of such insured individual.

"Application for monthly insurance benefits

(a) (1) An individual who would have been entitled to a benefit under subsection (f) (1) or (2) for any month after August 1950 had he filed application therefor prior to the end of such month shall be deemed entitled to such benefit for such month if he files application therefor prior to the end of the sixth month immediately succeeding such month. Any benefit for such month so determined shall be equitably apportioned among all persons who were equitably entitled thereto and who have not been paid the estimated wages of such insured individual.

(b) (1) Except as provided in paragraph (3), the amendment made by subsection (a) of this section shall take effect September 1, 1955.

(c) Any application filed after the enactment of this Act shall be deemed an application for purposes of this subsection.

Simultaneous entitlements to benefits

(a) (1) A child, entitled to child’s insurance benefits under section 202 of the Social Security Act, shall be deemed entitled, subject to the provisions of this section and any application filed therefor, to child’s insurance benefits on the basis of the wages and self-employment income of such insured individual who would be entitled, on meeting the basis for the month in which such insured individual died, to have been living with the deceased individual at the time of death. If the individual entitled to such benefits is a widow or widower of the deceased individual, such individual shall be deemed entitled to receive such benefits for any month after August 1950 for which month prior to the month in which the application for child’s insurance benefits was filed, by application therefor prior to the end of such month, such other insurance benefit for such month and to any other monthly insurance benefit for such month, such other insurance benefit for such month, except the old-age insurance benefit, under section 203 (a) by an amount equal to such old-age insurance benefit.

(2) Any individual entitled to any other monthly insurance benefits under section 202 of the Social Security Act, as in effect prior to its amendment by this Act, shall be deemed entitled to such benefits under section 202 of the Social Security Act as amended by this Act, as though such individual became entitled to such benefits in such month.

(3) Any individual who files application after the enactment of this Act for any benefit under section 202 of the Social Security Act who, but for the enactment of this Act, would be entitled to such benefit for any month prior to September 1950 shall be deemed to be entitled to such benefit under section 202 of the Social Security Act as amended by this Act, as though such individual became entitled to such benefit in such month.

Maximum benefits

"Sec. 102. (a) So much of section 203 of the Social Security Act as precedes subsection (d) is amended to read as follows:

"Reduction of insurance benefits

"Sec. 203. (a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual exceeds $150, or is more than $40 and exceeds 80 percent of such social insurance benefit, such total of such benefits shall, for the purposes of this subsection, be reduced under section (b) or (c) of section 215, whichever is applicable), such total of such benefits shall, for the purposes of this subsection, be reduced under section 202 for any month—

(1) in which the individual, on the basis of the wages and self-employment income such individual was paid for the month in which the death payment is filed prior to September 1950 to the same extent and in the same amounts as though this Act had not been enacted.

(d) Lump-sum death payments shall be made in the case of individuals who died prior to September 1950 and whose application therefor under this Act had not been executed; except that in the case of any individual who died outside the forty-eight States and the District of Columbia after December 6, 1941, and prior to August 1950, a lump sum death payment shall be made to any person or persons equitably entitled thereto and who have not been paid the estimated wages of such insured individual.

"Maximum benefits

"Sec. 102. (a) So much of section 203 of the Social Security Act as precedes subsection (d) is amended to read as follows:

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(1) in which the individual, on the basis of the wages and self-employment income such individual was paid for the month in which the death payment is filed prior to September 1950 to the same extent and in the same amounts as though this Act had not been enacted.

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(1) in which the individual, on the basis of the wages and self-employment income such individual was paid for the month in which the death payment is filed prior to September 1950 to the same extent and in the same amounts as though this Act had not been enacted.

(d) Lump-sum death payments shall be made in the case of individuals who died prior to September 1950 and whose application therefor under this Act had not been executed; except that in the case of any individual who died outside the forty-eight States and the District of Columbia after December 6, 1941, and prior to August 1950, a lump sum death payment shall be made to any person or persons equitably entitled thereto and who have not been paid the estimated wages of such insured individual.

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(1) in which the individual, on the basis of the wages and self-employment income such individual was paid for the month in which the death payment is filed prior to September 1950 to the same extent and in the same amounts as though this Act had not been enacted.

(d) Lump-sum death payments shall be made in the case of individuals who died prior to September 1950 and whose application therefor under this Act had not been executed; except that in the case of any individual who died outside the forty-eight States and the District of Columbia after December 6, 1941, and prior to August 1950, a lump sum death payment shall be made to any person or persons equitably entitled thereto and who have not been paid the estimated wages of such insured individual.
whether or not an individual has rendered the methods and criteria for determining paragraph (2), an individual will be pre-

by this subsection in the care of any indi-

that the first additional deduction imposed under subsection (b) or (c). except that an individual will suffer deductions imposed under subsection (b) or (c) shall not be made from any old-age insurance benefit to which an individual is entitled, or from any other insurance benefit payable on the basis of such individual's wages and self-employment income, until such deductions total the amount of any lump sum paid to such indi-

vidual under section 209 of the Social Security Act as in effect prior to the date of enactment of the Social Security Act Amendments of 1950.

"Attainment of age seventy-five"

"(f) Any individual in receipt of bene-

"(A) such individual shall suffer one ad-

ditional deduction in an amount equal to his benefit for such month, provided that such individual was entitled to a benefit under section 202, and

("B) if the failure to make such report continues after the close of the fourth calen-

dar month in which such excessive benefit is charged to any month (A) for which such failure is the first for which any additional deduction is imposed under paragraph (b) of section 203 of the Social Security Act as in effect prior to the enactment of this Act shall be applicable for any months prior to September 1, 1950.

"DEFINITIONS"

"(a) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year, is paid to such individual during such calendar year;

"(b) The amount of any payment (in-

cluding any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or plans established by an employer which makes provi-

sion for his employees generally (or for his employees and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (1) retirement, (2) sickness or accident disability, or (3) death; or

"(c) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;
"(d) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with such sickness or accident disability, made by an employer to, or on behalf of, an employee after the calendar month in which the employee worked for such employer; "(e) Any payment made to, or on behalf of, an employee, by reason of his being a beneficiary (1) from or to a trust except from tax under section 165 (a) of the Internal Revenue Code at the time of the distribution, or in connection with such such payment is made to an employee of the trust as remuneration for services rendered as an employee and not as a beneficiary of the trust, or (2) of any payment required from an employee under a State unemployment compensation law; "(g) Remuneration paid in medium other than cash to an employee for services not in the course of the employer's trade or business performed in a private home of the employee; "(h) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employer by section 210 (b) of the Internal Revenue Code, or (2) of any payment required from an employee under a State unemployment compensation law; "(i) Remuneration paid in any medium other than cash to an employee for services not in the course of the employer's trade or business performed in a private home of the employee; "(j) Remuneration paid by an employer to an employee for services not in the course of the employer's trade or business performed in a private home of the employer; "(k) Cash remuneration paid by an employer to an employee for services not in the course of the employer's trade or business performed in a private home of the employer, if the cash remuneration paid in the quarter for such service is less than $5 or the employee is not regularly employed by the employer in such quarter of payment. For the purposes of this paragraph, an employee shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during the quarter the employee performs for the employer some portion of the day domestic service in a private home of the employer, or (B) the employee was regularly employed (as determined under clause (A)) by the employer in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term 'domestic service in a private home of the employer' means (i) any payment (other than vacation or sick pay) made to an employee after the month in which he attains retirement age (as defined in section 210 (a) (1)), if he did not work for the employer in the period for which such payment is made; or "(l) Remuneration paid by an employer in any quarter to an employee for services not in the course of the employer's trade or business performed in a private home of the employer, if the cash remuneration paid in the calendar quarter for such service is less than $50.

For purposes of this title, in the case of domestic service described in subsection (g) (2), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this title, be computed as a whole-dollar amount. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall, unless it amounts to one-half dollar or more, which case it shall be increased to $1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, unless such amount is less than $50, be deemed to constitute the amount of cash remuneration for purposes of subsection (g) (2).
(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

(vi) by any individual as an employee receiving nominal compensation of $13 or less per diem;

(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

(x) by any individual as a consul or consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U.S.C. 251); and

(xk) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U.S.C. sec. 1082);

(xl) by any individual as an employee serving on a temporary basis for fire, storm, earthquake, flood, or other similar emergency;

(xx) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

(xxi) by the Board of a State, county, or community committee of the Promotion and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employment of the Federal Government;

(xii) by an individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another system of retirement benefits;

(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (c) of the Internal Revenue Code, but this subparagraph shall not apply to services performed in the employ of a religious order under section 116 of the Internal Revenue Code, or to services performed by an individual in a cooperative or other unincorporated group of individuals organized under the laws of the United States or of any State, or to services performed by an individual as a consular agent, or in the employ of a State, city, or county council, committee, or corporation, unless such council, committee, or corporation is composed exclusively of individuals otherwise in the full-time employment of the Federal Government;

(15) Service performed in the employ of an instrumentality of the United States Government or of an instrumentality thereof; and

(A) if the service is of a character similar to that performed in foreign countries by an instrumentality of the United States Government or of an instrumentality thereof; and

(B) if the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, will evaluate exemption in relation to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof.

(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school chartered or approved pursuant to State law, and service performed as an intern in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law.

(15) Service performed by an individual in (or as an officer or member of the crew of a vessel) in the operation, grading, storing, or delivering to storage of any kind of fish, shellfish, crustacea, sponges, or aquatic or subaquatic animal or vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed by a newspaper newspaper employee for the purpose of delivering, grading, storing, or delivering to storage or distribution of newspapers or magazines turned back; or (17) Service performed in the employ of any vessel which is neither documented or licensed, or in an area in which such service is performed, in the employ of any vessel which is neither documented or licensed, or in an area in which such service is performed, for the purposes of this paragraph, any unincorporated group of individuals otherwise in the full-time employment of the Federal Government which such service is performed.

(A) Service performed by an individual in connection with the operation, management, conservation, or improvement, or maintenance of such equipment, including the raising, shearing, feeding, and marketing of livestock, bees, poultry, and fur-bearing animals and wildlife.

(B) Service performed by an individual at the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the price over which is charged.

(16) Service performed by an individual in the employ of the owner or tenant of a farm, or in the employ of an operator of a farm, in connection with the operation, management, conservation, or improvement of crops or livestock, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

(17) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 1660).

Included and excluded service

(b) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such pay period shall be deemed to be employment. As used in this subsection the term "pay period" means a period (of not more than thirty-one consecutive days) for which payment is ordinarily made to the employee by the person employing him. This subsection shall not apply to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (10) of subsection (a).

(c) The term "American vessel" means any vessel documented or numbered under the laws of the United States or any instrumentality thereof, and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country. If its crew is employed solely by one or more citizens of the United States or corporations organized under the laws of the United States or of any State.

American aircraft

(D) The term "American aircraft" means an aircraft registered under the laws of the United States.

American employer

(e) The term "American employer" means an employer which is (1) the United States or any instrumentality thereof, (2) a State or any political subdivision thereof, or (any instrumentality of any one or more of the foregoing, (3) an individual who is a resident of the United States, (4) any instrumentality of the United States or of any State, or (5) a corporation organized under the laws of the United States or of any State.

(iii) (1) On a farm, in the employ of any person, or in the employ of a cooperative or other unincorporated group, of the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the grading, storing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

(iv) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, or improvement of crops or livestock, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

(v) (A) In the employ of the operator of a farm in connection with the grading, storing, feeding, or delivering of a product of the farm to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity.

(B) In the employ of a group of operators engaged in the same kind of operation (or organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity.

American vessel

The term "American vessel" means any vessel documented or numbered under the laws of the United States or any instrumentality thereof, and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country. If its crew is employed solely by one or more citizens of the United States or residents of the United States or corporations organized under the laws of the United States or of any State.
On a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer. The provisions of subparagraphs (A) and (B) of paragraph (4) shall not be deemed to be applicable with respect to any employee engaged in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodities, and ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

"State"

(b) The term "State" includes Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

"Citizen of Puerto Rico"

"(f) An individual who is a citizen of Puerto Rico but not otherwise a citizen of the United States shall be deemed to be a citizen of the United States for the purposes of this paragraph if such individual has a substantial investment in facilities used in connection with the transportation service if any part of the transportation system shall constitute covered transportation service if-

(A) any part of the transportation system acquired from private ownership after 1950 and prior to 1951, or substantially all service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall constitute covered transportation service if-

(a) there is a fund or system which covers substantially all of the management and control of the transportation system, then, in the case of any employee who-

(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

(E) all service performed by an employee in connection with the operation of such part of the transportation system acquired from private ownership after 1950 and prior to 1951, except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of the transportation system, then, in the case of any employee who-

(g) If any of the income derived from any trade or business carried on by a partnership is includible in the gross income of such partnership, then, in the case of any partner who-

(H) is not a partner in the trade or business at the time of such acquisition, unless such dividends and interest (other than interest on corporate obligations held primarily for sale to customers in the ordinary course of a trade or business) is includible in the gross income of such partnership, then, in the case of any partner who-

(I) received such a fund or system which covers substantially all of the management and control of the transportation system, then, in the case of any employee who-

(J) is not a partner in the trade or business at the time of such acquisition, unless such dividends and interest (other than interest on corporate obligations held primarily for sale to customers in the ordinary course of a trade or business) is includible in the gross income of such partnership, then, in the case of any partner who-

(K) received such an instrumentality which covers substantially all of the management and control of the transportation system, then, in the case of any employee who-

(L) is not a partner in the trade or business at the time of such acquisition, unless such dividends and interest (other than interest on corporate obligations held primarily for sale to customers in the ordinary course of a trade or business) is includible in the gross income of such partnership, then, in the case of any partner who-

(M) received such a fund or system which covers substantially all of the management and control of the transportation system, then, in the case of any employee who-

(N) is not a partner in the trade or business at the time of such acquisition, unless such dividends and interest (other than interest on corporate obligations held primarily for sale to customers in the ordinary course of a trade or business) is includible in the gross income of such partnership, then, in the case of any partner who-

(O) received such an instrumentality which covers substantially all of the management and control of the transportation system, then, in the case of any employee who-

(P) is not a partner in the trade or business at the time of such acquisition, unless such dividends and interest (other than interest on corporate obligations held primarily for sale to customers in the ordinary course of a trade or business) is includible in the gross income of such partnership, then, in the case of any partner who-

(Q) received such a fund or system which covers substantially all of the management and control of the transportation system, then, in the case of any employee who-

(R) is not a partner in the trade or business at the time of such acquisition, unless such dividends and interest (other than interest on corporate obligations held primarily for sale to customers in the ordinary course of a trade or business) is includible in the gross income of such partnership, then, in the case of any partner who-

(F) is not a partner in the trade or business at the time of such acquisition, unless such dividends and interest (other than interest on corporate obligations held primarily for sale to customers in the ordinary course of a trade or business) is includible in the gross income of such partnership, then, in the case of any partner who-
"(B) If any portion of a partner's distributive share of the ordinary net income or losses from a trade or business carried on by a partnership is community income or loss under the community property law applicable to such partnership, such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner.

"(7) In the case of any taxable year beginning on or after the effective date specified in section 219, (A) the term "possession of the Virgin Islands" as used in section 251 of the Internal Revenue Code shall not include Puerto Rico, and (B) a citizen or resident of the Virgin Islands shall be deemed to be a citizen of the United States and without regard to the provisions of section 255 of such code.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing the net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of such partnership (even though beginning prior to 1951) ending within, or at the end of, his taxable year.

"Self-employment income"

"(a) The term "self-employment income" means net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after 1950, except that such term shall not include-

(1) That part of the net earnings from self-employment which is in excess of: (A) $3,600 of such earnings (B) the amount of the wages paid to such individual during the taxable year, or

(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

In the case of any taxable year beginning prior to the effective date specified in section 219, an individual who is a citizen of the Virgin Islands or (after the effective date specified in such section) a Puerto Rican citizen shall be deemed to be a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in such section) of Puerto Rico shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.

"Trade or business"

"(c) The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23 of the Internal Revenue Code, except that such term shall not include-

(1) The performance of the functions of a public officer or employee;

(2) The performance of service by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;

(3) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by an individual who is a member of a religious order in the exercise of duties required by such order; or

(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of any service by an individual to which section 210 (a) (16) (B) or (C) or (D) (ii) of section 210 (a) (16) (B) (ii) of section 210 (a) (16) (C) or (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section 210 (a) (16) (D) of section
(2) The primary insurance amount of an individual who attained age twenty-two prior to 1951 and with respect to whom not an individual who attained age twenty-two prior to his self-employment closing date (determined by dividing the total of any other individual shall be the amount determined under subsection (c).

"Average monthly wage"

"(b) The individual's "average monthly wage" shall be the quotient obtained by dividing the total of—

"(A) his wages after his starting date (determined under paragraph (3)) and prior to his wage closing date (determined under paragraph (3)), and

"(B) his self-employment income after such starting date and prior to self-employment Income closing date (determined under paragraph (3)) by the number of months during such starting date and prior to his divisor closing date (determined under paragraph (3)) excluding from such elapsed months any quarter prior to the quarter in which he attained the age of twenty-two which was not a quarter of coverage, except that when the number of such months thus computed is less than eighteen, it shall be increased to eighteen.

(2) An individual's "starting date" shall be December 31, 1950, or, if later, the day preceding the quarter in which he attained the age of twenty-two, whichever results in the highest average monthly wage.

(3) (A) Except to the extent provided in paragraph (D), an individual's "wage closing date" shall be the first day of the second quarter preceding the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred.

(B) Except to the extent provided in paragraph (D), an individual's "self-employment Income closing date" shall be the day following the quarter in which ends his last taxable year (1) which ended before the month in which the individual became entitled to old-age insurance benefits, whichever first occurred, and (ii) during which he derived no self-employment income.

(C) Except to the extent provided in paragraph (D), an individual's "divisor closing date" shall be the later of his wage closing date or his self-employment Income closing date.

(4) In case of an individual who died or became entitled to old-age insurance benefits after the first quarter in which he both was fully insured and had attained retirement age, the determination of his closing dates shall be made as though he became entitled to old-age insurance benefits, whichever first occurred.

(4) Notwithstanding the preceding provisions of this subsection, in computing an individual's average monthly wage, there shall not be taken into account any self-employment income of such individual for taxable years ending after September 1950 in which he died or became entitled to old-age insurance benefits, whichever first occurred.

Determinations made by use of the conversion table

(1) The amount referred to in paragraph (3) and clause (B) of paragraph (2) of subsection (a) for purposes of section 203 (a), shall be the amount appearing on such line in column III.

<table>
<thead>
<tr>
<th>Column I</th>
<th>Column II</th>
<th>Column III</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>$20</td>
<td>$60.00</td>
<td>$120.00</td>
</tr>
</tbody>
</table>

(2) In case the primary insurance benefit of an individual (determined as provided in section 208) is a multiple of $1, it shall be reduced to the next lower multiple of $1.

(3) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(4) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(5) In the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(6) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(7) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(8) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(9) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(10) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(11) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(12) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(13) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(14) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(15) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(16) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(17) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(18) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(19) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.

(20) The provisions of subsection (c) shall be applicable only with respect to calendar years prior to 1951.

(21) The provisions of subsection (c) shall not be applicable in the case of any other individual, whose primary insurance benefits shall be computed as provided in this title as in effect prior to the enactment of this section, except that the starting date shall be December 31, 1935.
Sec. 105. Effective September 1, 1950, title II of the Social Security Act is amended by adding to section 216 (added by section 104 (a) of this Act), the following:  
"(b) For purposes of determining entitlement to any monthly benefit for any month after August 1950, or entitlement to the amount of any lump-sum death payment in case of a death after such month, payable under this title on the basis of the wages and self-employment income of any World War II veteran, such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of $160 in each month during any part of which he served in the active military or naval service of the United States during World War II. This subsection shall not be applicable in the case of any lump-sum death payment in case of a death after such month, payable under this title on the basis of any monthly benefit or lump-sum death payment.

"(A) a larger such benefit or payment, as the case may be, would be payable without the payment of such additional amount.

"(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part upon the active military or naval service of such veteran during World War II is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.
“(1) Upon application for benefits or a lump-sum death payment, the payment of any benefits or lump-sum death payment on the basis of any World War II veteran, the Federal Security Administrator shall, upon request of the applicant, make a determination without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by any other agency or political subdivision of a death of such veteran and the Administrator shall then ascertain whether any other agency or political subdivision of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it, if any such agency or instrumentality has decided, or thereafter makes an adjudication that any benefits payable by it, it shall so notify the Federal Security Administrator, and the Administrator shall certify to the Federal Security Administrator, to the extent practicable, that the Administrator has determined, if he has not been so notified by any other agency or political subdivision of the United States, that no benefit described in clause (B) of paragraph (1) is payable by it, if any such agency or instrumentalitv, or any nonproprietary function, or in connection with both a proprietary and a nonproprietary function, shall be included in only one such coverage group. The determination of the term "workman" in which such employee shall be included shall be made in such manner as may be specified in the agreement.

“(2) Any World War II veteran who died during a period of three years immediately following his separation from the active military or naval service of the United States; or

“(b) (1) Any World War II veteran who died during any World War II veteran, the Federal Security Administrator shall, upon request of the applicant, make a determination without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by any other agency or political subdivision of a death of such veteran and the Administrator shall then ascertain whether any other agency or political subdivision of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it, if any such agency or instrumentalitv, or any nonproprietary function, or in connection with both a proprietary and a nonproprietary function, shall be included in only one such coverage group. The determination of the term "workman" in which such employee shall be included shall be made in such manner as may be specified in the agreement.

“(b) Any World War II veteran who died during any

“(c) In the case of any monthly benefit or lump-sum death payment if—

“(A) a larger such benefit or payment, as the case may be, would be payable without application; or

“(B) any pension or compensation is determined by the Veterans' Administration to be payable by it on the basis of the death of such veteran, the death of the veteran occurred while he was in the active military or naval service of the United States; or

“(D) such veteran has been discharged or released from the active military or naval service of the United States subsequent to July 28, 1951.

“(2) In the case of any monthly benefit or lump-sum death payment if—

“(A) a larger such benefit or payment, as the case may be, would be payable without application; or

“(B) any pension or compensation is determined by the Veterans' Administration to be payable by it on the basis of the death of such veteran, the death of the veteran occurred while he was in the active military or naval service of the United States; or

“(D) such veteran has been discharged or released from the active military or naval service of the United States subsequent to July 28, 1951.

“(2) Notwithstanding section 209 (e) (2) of this Act, the Administrator shall, at the request of the Federal Security Administrator, certify to him, with respect to any such veteran, information as the Administrator deems necessary to carry out his functions under paragraph (2) of this subsection.

“(b) ‘World War II veteran' means an individual who served in the active military or naval service of the United States at any time during World War II and who, if discharged or released therefrom, was so discharged or released for reasons not related to any part-time or seasonal active service of ninety days or more or by reason of a disability incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.

“Coverage of State and Local Employees

“Sec. 215. (a) (1) The Administrator shall, at the request of the Federal Security Administrator, make a determination without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by any other agency or political subdivision of a death of such veteran and the Administrator shall then ascertain whether any other agency or political subdivision of the United States, or by a State or political subdivision thereof.

“(b) The term ‘coverage group' means either

“(1) the term “State” means a State or the District of Columbia.

“(2) The term “political subdivision” includes any political subdivision of a State, or (C) a State and one or more of its political subdivisions.

“(b) The term “employee” includes an officer of a State or political subdivision.
such agreement is made applicable to such coverage group, or any part thereof and the time or times it is to be paid shall be certified by the Administrator to the Managing Trustee, and the Managing Trustee, through the head of the Treasury Department and prior to any action thereon by the General Accounting Office, shall make payment through the Fiscal Service of the Treasury for payment to such State under such agreement, and the Secretary of the Treasury for payment to such State under any other provision of this Act. Amounts so deducted shall be deemed to have been paid to the State under such other provision of this Act. Amounts equal to the amounts deducted under this subsection are hereby appropriated to the Trust Fund.

"Instrumentalities of two or more States"

"(k) The Administrator may, at the request of any Instrumentality of two or more States, enter into an agreement with such Instrumentality or with any state or states, or any political subdivision thereof, to share expenses which such Instrumentality would otherwise bear, to the extent practicable, if the Administrator determines that such sharing is in the public interest.

"Delegation of functions"

"(l) The Administrator is authorized, pursuant to the head of any Federal agency, to delegate any of his functions under this section to any officer or employee of such agency, and otherwise to permit such agency in carrying out such functions, and to denominate the manner in which such functions shall be in advance or by such agency in any period in such manner as may be provided in such agreement.

"PUERTO RICO"

"SEC. 107. Title II of the Social Security Act is amended by adding after section 210 (added by section 106 of this Act) the following:

"Effective date in case of Puerto Rico"n

"SEC. 210. If the Governor of Puerto Rico certifies to the Secretary of the Treasury of the United States pursuant to subsection (a) of section 205 of the Social Security Act that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the provisions of section 205 of such Act to be in advance or by such agency in any period in such manner as may be provided in such agreement.

"Records of wages and self-employment income"

"SEC. 108. (a) Subsection (b) of section 205 of the Social Security Act is amended by inserting "former wife divorced, husband, widow, divorced, domestic partner, and child, or parent, who survives such individual."

"(b) Subsection (e) of section 205 of the Social Security Act is amended to read as follows:

"(c) (1) For the purposes of this subsection—

"(A) The term "year" means a calendar year when used with respect to wages and self-employment income when used with respect to self-employment income.

"(b) The term "time limitation" means a period of three years, two months, and fifteen days.

"(C) The term "survivor" means an individual's spouse, former wife divorced, child, or parent, who survives such individual.

"(1) On the basis of information obtained by or submitted to the Administrator, and after such verification thereof as he deems necessary, the Administrator shall remove and, only if the amounts of wages paid to, and the amounts of self-employment income derived by, each individual and of the periods in which such income was derived, as shown by such records at the time of such request.

"(2) The Administrator's records shall be evidence for the purposes of proceedings before the Administrator or any court of the amounts of wages paid to, and self-employment income derived in any period in which such wages were paid and such income was derived. The absence of any entry in such records as to wages alleged to have been paid to, or self-employment income alleged to have been derived by, an individual in any period shall be evidence that no such wages were paid to, or that no such alleged income was derived by, such individual during such period.

"(3) If the expiration of the time limitation following any such request, the Administrator may, if it is brought to his attention that any entry of wages or self-employment income alleged by an individual during any period in such year shall be conclusive for the purposes of this title; and no such alleged wages were paid to, or that no such alleged income was derived by, such individual during such period.

"(A) the Administrator's records (with changes, if any, made pursuant to paragraph (1)) of the amounts of wages paid to, and self-employment income derived by, an individual during any period in such year shall be conclusive for the purposes of this title;

"(B) the inclusion of the Administrator's records as to the wages alleged to have been paid by an employer to an individual during any period in such year shall be presumptive evidence for the purposes of this title that no such alleged wages were paid to such individual in such period; and

"(C) the absence of an entry in the Administrator's records as to the self-employment income alleged by an individual in such year shall be conclusive for the purposes of this title that no such alleged self-employment income was derived by such individual in such year unless it is shown that he filed a tax return of his self-employment income for such year before the expiration of the time limitation following such year, in which case the Administrator shall include in his records the self-employment income of such individual for such year.

"(b) After the expiration of the time limitation following any such request, the Administrator may change or delete any entry with respect to wages or self-employment income in his records for such year for such
individual or include in his records of such year for such individual any omitted item of wages or self-employment income but only—

"(A) if the wages or remuneration of any individual or self-employment income are paid for any portion of any calendar month, or for a lump-sum death payment was filed within the time limitation following such month, except that no such deletion, reduction, or inclusion may be made pursuant to this subparagraph after a final decision upon the application for monthly benefits or lump-sum death payment;

"(B) if within the time limitation following such year an individual or his survivor makes a written request for such action, or for an inclusion of an omitted item, and aleges in writing that the Administrator's records of wages or self-employment income derived by such individual in such year are in one or more respects erroneous; except that no such change, deletion, or inclusion may be made pursuant to this subparagraph after a final decision upon the application for monthly benefits or lump-sum death payment;

"(C) to correct errors apparent on the face of such records;

"(D) to transfer items to records of the Railroad Retirement Board if such items were omitted during a period prior to January 1, 1953, with respect to all months in the year in which such omission occurred; or during such month under section 217 (a) of this Act) of such employee shall constitute remuneration for employment under subsection (f) of such section, for purposes of determining (A) entitlement to and the amount of any lump-sum death payment under this title, or to a lump-sum payment under section 5 of the Railroad Retirement Act when they should have been credited under this title.

"(E) to delete or reduce the amount of any entry which is erroneous as a result of fraud;

"(F) to conform his records to tax returns or portions thereof (including information returns and other written statements or filings) of the Secretary of the Treasury under title VIII of the Internal Revenue Act, under subchapter E of chapter 9 of the Internal Revenue Code, or regulations made by the Secretary of the Treasury pursuant to section 218 or regulations of the Administrator thereunder; except that no amount of self-employment income shall be so credited for any taxable year if (such return or statement was filed after the expiration of the time limitation pursuant to subsection (f) of section 210 (a) (1) of this Act, compensation (as defined in such Railroad Retirement Act), or a lump-sum death payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Railroad Retirement Act) with respect to any entry of wages such notice should have been credited under the Railroad Retirement Act when they should have been credited under this title.

"(G) to correct errors made in the allocation, to individuals or periods, of wages or self-employment income entered in the records of the Administrator;

"(H) to include wages paid during any period in such year to an individual by an employer if there is an absence of an entry in the employer's records of wages paid during such period;

"(1) in respect of any instrumentality which is wholly owned by the United States, the Administrator shall not make determinations as to whether an individual has performed services of such an instrumentality, and for purposes of such service, the amounts of remuneration for such service which constitute wages under the provisions of this Act, or the periods in which or for which such wages were paid, but such agent may designate, as evidenced by returns filed in accordance with the provisions of this title and the Internal Revenue Code and certifications made pursuant to this subparagraph. Such determinations shall be final and conclusive;

"(2) the head of any agency or instrumentality is authorized and directed, upon written request of the Administrator, to make certification to him with respect to any matter determinable for the Administrator by such head or his agents under this subsection, which the Administrator finds necessary in administering this title.

"(I) the provisions of section 1420 (f) (1) and (2) shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, on behalf of the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department for purposes of determining (A) entitlement to and the amount of any lump-sum death payment and (B) the Secretary of Defense shall be deemed to be the head of such instrumentality.

"(j) the amendments made by subsections (a) and (c) of this section shall take effect on January 1, 1951, except that, effective on September 1, 1950, the husband or former wife divorced from an individual or his estate shall be treated the same as a parent of such individual, and the legal representative of an individual or his estate shall be treated the same as the individual as provided in section 205 (c) of the Social Security Act as in effect prior to the enactment of this Act.

"MISCELLANEOUS AMENDMENTS

"Sec. 109. (a) (1) The second sentence of section 201 (a) of the Social Security Act is amended by striking out the third sentence and by inserting in lieu thereof the following: "There is hereby appropriated to the Trust Fund and inserting in lieu thereof 'such amounts as may be appropriated to, or deposited in, the Trust Fund.'"

"(2) Section 201 (a) of the Social Security Act is amended by striking out the third sentence and by inserting in lieu thereof the following: "There is hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated. amounts equivalent to 100 per cent of—"

"(1) the taxes (including interest, penalties, and additions to the taxes) received under subchapter A of chapter 9 of the Internal Revenue Code (the Internal Revenue Code) which are deposited into the Treasury by collectors of internal revenue prior to January 1, 1951; and

"(2) the taxes certified each month by the Commissioner of Internal Revenue are taxes received under subchapter A of chapter 9 of the Internal Revenue Code (the Internal Revenue Code) which are deposited into the Treasury by collectors of internal revenue after December 31, 1950, and before January 1, 1951, with respect to assessments of such taxes made before January 1, 1951; and

"(3) the taxes imposed by subchapter A of chapter 9 of such code with respect to wages (as defined in section 1251 of such code) reported to the Commissioner of Internal Revenue as wages under subchapter A of chapter 9 of such code after December 31, 1950, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter to such wages, which shall be certified by the Federal Security Administrator on the basis of the records kept by such agency, and for purposes of section 201 (a) of the Internal Revenue Code and certifications made pursuant to this subparagraph. Such determinations shall be final and conclusive; and

"the amendments made by subsection (b) of this section shall take effect January 1, 1951, except that, effective on September 1, 1950, the husband or former wife divorced from an individual or his estate shall be treated the same as a parent of such individual, and the legal representative of an individual or his estate shall be treated the same as the individual as provided in section 205 (c) of the Social Security Act as in effect prior to the enactment of this Act."

"CONGRESSIONAL RECORD-HOUSE AUGUST 16
(4) With respect to wages received during the calendar years 1930 to 1954, both inclusive, the rate shall be 2 1/4 per cent.

(5) With respect to wages paid during the calendar years 1955 to 1959, both inclusive, the rate shall be 2 per cent.

(6) With respect to wages received after December 31, 1959, the rate shall be 1 1/2 per cent.

(7) With respect to wages paid after December 31, 1959, the rate shall be 1 1/2 per cent.

(8) With respect to wages paid during the calendar years 1950 to 1953, both inclusive, the rate shall be 1 1/2 per cent.

(9) With respect to wages paid during the calendar years 1954 to 1959, both inclusive, the rate shall be 1 1/2 per cent.

(10) With respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 1 1/2 per cent.

(11) With respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 1 1/2 per cent.

(12) With respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 1 1/2 per cent.

(13) With respect to wages paid during the calendar years 1975 to 1979, both inclusive, the rate shall be 1 1/2 per cent.

(14) With respect to wages paid during the calendar years 1980 to 1984, both inclusive, the rate shall be 1 1/2 per cent.

(15) With respect to wages paid during the calendar years 1985 to 1989, both inclusive, the rate shall be 1 1/2 per cent.

(16) With respect to wages paid during the calendar years 1990 to 1994, both inclusive, the rate shall be 1 1/2 per cent.

(17) With respect to wages paid during the calendar years 1995 to 1999, both inclusive, the rate shall be 1 1/2 per cent.

(18) With respect to wages paid during the calendar years 2000 to 2004, both inclusive, the rate shall be 1 1/2 per cent.

(19) With respect to wages paid during the calendar years 2005 to 2009, both inclusive, the rate shall be 1 1/2 per cent.

(20) With respect to wages paid during the calendar years 2010 to 2014, both inclusive, the rate shall be 1 1/2 per cent.

(21) With respect to wages paid during the calendar years 2015 to 2019, both inclusive, the rate shall be 1 1/2 per cent.

(22) With respect to wages paid during the calendar years 2020 to 2024, both inclusive, the rate shall be 1 1/2 per cent.

(23) With respect to wages paid during the calendar years 2025 to 2029, both inclusive, the rate shall be 1 1/2 per cent.

(24) With respect to wages paid during the calendar years 2030 to 2034, both inclusive, the rate shall be 1 1/2 per cent.

(25) With respect to wages paid during the calendar years 2035 to 2039, both inclusive, the rate shall be 1 1/2 per cent.

(26) With respect to wages paid during the calendar years 2040 to 2044, both inclusive, the rate shall be 1 1/2 per cent.

(27) With respect to wages paid during the calendar years 2045 to 2049, both inclusive, the rate shall be 1 1/2 per cent.

(28) With respect to wages paid during the calendar years 2050 to 2054, both inclusive, the rate shall be 1 1/2 per cent.

(29) With respect to wages paid during the calendar years 2055 to 2059, both inclusive, the rate shall be 1 1/2 per cent.

(30) With respect to wages paid during the calendar years 2060 to 2064, both inclusive, the rate shall be 1 1/2 per cent.

(31) With respect to wages paid during the calendar years 2065 to 2069, both inclusive, the rate shall be 1 1/2 per cent.

(32) With respect to wages paid during the calendar years 2070 to 2074, both inclusive, the rate shall be 1 1/2 per cent.

(33) With respect to wages paid during the calendar years 2075 to 2079, both inclusive, the rate shall be 1 1/2 per cent.

(34) With respect to wages paid during the calendar years 2080 to 2084, both inclusive, the rate shall be 1 1/2 per cent.

(35) With respect to wages paid during the calendar years 2085 to 2089, both inclusive, the rate shall be 1 1/2 per cent.

(36) With respect to wages paid during the calendar years 2090 to 2094, both inclusive, the rate shall be 1 1/2 per cent.

(37) With respect to wages paid during the calendar years 2095 to 2099, both inclusive, the rate shall be 1 1/2 per cent.

(38) With respect to wages paid during the calendar years 2010 to 2014, both inclusive, the rate shall be 1 1/2 per cent.

(39) With respect to wages paid during the calendar years 2015 to 2019, both inclusive, the rate shall be 1 1/2 per cent.

(40) With respect to wages paid during the calendar years 2020 to 2024, both inclusive, the rate shall be 1 1/2 per cent.

(41) With respect to wages paid during the calendar years 2025 to 2029, both inclusive, the rate shall be 1 1/2 per cent.

(42) With respect to wages paid during the calendar years 2030 to 2034, both inclusive, the rate shall be 1 1/2 per cent.

(43) With respect to wages paid during the calendar years 2035 to 2039, both inclusive, the rate shall be 1 1/2 per cent.

(44) With respect to wages paid during the calendar years 2040 to 2044, both inclusive, the rate shall be 1 1/2 per cent.

(45) With respect to wages paid during the calendar years 2045 to 2049, both inclusive, the rate shall be 1 1/2 per cent.

(46) With respect to wages paid during the calendar years 2050 to 2054, both inclusive, the rate shall be 1 1/2 per cent.

(47) With respect to wages paid during the calendar years 2055 to 2059, both inclusive, the rate shall be 1 1/2 per cent.

(48) With respect to wages paid during the calendar years 2060 to 2064, both inclusive, the rate shall be 1 1/2 per cent.

(49) With respect to wages paid during the calendar years 2065 to 2069, both inclusive, the rate shall be 1 1/2 per cent.

(50) With respect to wages paid during the calendar years 2070 to 2074, both inclusive, the rate shall be 1 1/2 per cent.

(51) With respect to wages paid during the calendar years 2075 to 2079, both inclusive, the rate shall be 1 1/2 per cent.

(52) With respect to wages paid during the calendar years 2080 to 2084, both inclusive, the rate shall be 1 1/2 per cent.

(53) With respect to wages paid during the calendar years 2085 to 2089, both inclusive, the rate shall be 1 1/2 per cent.

(54) With respect to wages paid during the calendar years 2090 to 2094, both inclusive, the rate shall be 1 1/2 per cent.

(55) With respect to wages paid during the calendar years 2095 to 2099, both inclusive, the rate shall be 1 1/2 per cent.
“(c) Section 1411 of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: ‘For the purposes of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid after 1950, the determination under section 1426 shall be made as if subsection (a) of this section had not been enacted and without inference drawn from the fact that the services were rendered in a day on which the employee was employed on the vessel or aircraft it touches at a port in the United States, or (ii) on or in connection with the activities of the vessel or aircraft in the course of the employer’s trade, or business, or (iii) while outside the United States, or (B) out of a medium other than cash; except that such deduction shall not be allowed or paid with respect to any such refund.

(6) The payment by an employer (without, from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400 or (B) of any tax required from an employee under a State unemployment compensation law, to provide for any such payment shall be deemed a separate employer.

’

(4) The payment on account of sickness or accident disability, or (5) death;

(7) (A) Remuneration paid in any medium other than cash to an employee for services covered by an agreement made pursuant to paragraph (3) of subsection (e) of section 1401 of the Social Security Act as would be wages if such services constituted employment; the term ‘employment’ includes a State or any political subdivision thereof, or an instrumentality of any one or more of the foregoing; the term ‘tax’ or ‘tax imposed by section 1400’ includes the case of services covered by an agreement made pursuant to subsection 218 of the Social Security Act which would not be imposed by section 1400, if such services constituted employment as defined in section 1401, and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee’s remuneration as a result of an agreement made pursuant to section 1401 exceeds the tax which would be imposed by section 1400, if such services constituted employment; and the term ‘wages’ includes such remuneration for services covered by an agreement made pursuant to section 1401 of the Social Security Act, an amount equivalent to the tax which would have been imposed by section 1400, if such services constituted employment as defined in sections 1401; and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee’s remuneration as a result of an agreement made pursuant to section 1401 exceeds the tax which would have been imposed by section 1400, if such services constituted employment as defined in section 1401.

(5) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust, and (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6);

(6) The payment by an employer (without, from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400, or (B) of any tax required from an employee under a State unemployment compensation law, to provide for any such payment shall be deemed a separate employer.

(7) (A) Remuneration paid in any medium other than cash to an employee for services covered by an agreement made pursuant to paragraph (3) of subsection (e) of section 1401 of the Social Security Act as would be wages if such services constituted employment; the term ‘employment’ includes a State or any political subdivision thereof, or an instrumentality of any one or more of the foregoing; the term ‘tax’ or ‘tax imposed by section 1400’ includes the case of services covered by an agreement made pursuant to subsection 218 of the Social Security Act which would not be imposed by section 1400, if such services constituted employment as defined in section 1401, and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee’s remuneration as a result of an agreement made pursuant to section 1401 exceeds the tax which would have been imposed by section 1400, if such services constituted employment as defined in section 1401.

(8) Wages received after 1950: If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1950, the wages received by him during such year exceed $3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee’s wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,000 of such wages received. Refund under this paragraph may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the employee received the refund, with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which such refund is claimed. Such refund shall be allowed or paid with respect to any such refund.

(9) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust, and (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6);

(10) Remuneration paid by an employer in any calendar quarter to an employee for services covered by an agreement made pursuant to paragraph (3) of subsection (e) of section 1401 of the Social Security Act as would be wages if such services constituted employment; the term ‘employment’ includes a State or any political subdivision thereof, or an instrumentality of any one or more of the foregoing; the term ‘tax’ or ‘tax imposed by section 1400’ includes the case of services covered by an agreement made pursuant to subsection 218 of the Social Security Act which would not be imposed by section 1400, if such services constituted employment as defined in section 1401, and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee’s remuneration as a result of an agreement made pursuant to section 1401 exceeds the tax which would have been imposed by section 1400, if such services constituted employment as defined in section 1401.

(2) ‘Wages received during 1947, 1948, 1949, and 1950: If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1950, the wages received by him during such year exceed $3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee’s wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,000 of such wages received. Refund under this paragraph may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the employee received the refund, with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which such refund is claimed. Such refund shall be allowed or paid with respect to any such refund.

(3) Section 1401 (d) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraphs:

(8) Wages received after 1950: If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1950, the wages received by him during such year exceed $3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee’s wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,000 of such wages received. Refund under this paragraph may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the employee received the refund, with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which such refund is claimed. Such refund shall be allowed or paid with respect to any such refund.

(9) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust, and (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6);

(10) Remuneration paid by an employer in any calendar quarter to an employee for services covered by an agreement made pursuant to paragraph (3) of subsection (e) of section 1401 of the Social Security Act as would be wages if such services constituted employment; the term ‘employment’ includes a State or any political subdivision thereof, or an instrumentality of any one or more of the foregoing; the term ‘tax’ or ‘tax imposed by section 1400’ includes the case of services covered by an agreement made pursuant to subsection 218 of the Social Security Act which would not be imposed by section 1400, if such services constituted employment as defined in section 1401, and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee’s remuneration as a result of an agreement made pursuant to section 1401 exceeds the tax which would have been imposed by section 1400, if such services constituted employment as defined in section 1401.

(11) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust, and (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6);

(12) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust, and (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6);
For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term "qualifying quarter" means (i) any quarter in which all of which such individual was continuously employed by an employer, or (ii) any subsequent quarter which meets the test of clause (i) if, after the last such quarter, such individual was continuously employed by such employer, each intervening quarter met the test of clause (ii), and (iii) each quarter during all of which such individual was continuously employed by such employer during a calendar quarter only if—

"(1) such individual performs agricultural labor (other than service described in subsection (B) of this section) for an employer on a full-time basis on sixty days during such quarter, and

"(2) the quarter was immediately preceded by a qualifying quarter.
(16) Service performed by an individual under the laws of the United States:

(17) Service performed in the employment of an international organization.

(18) Effective January 1, 1951, section 1428 (e) of the Internal Revenue Code is amended to read as follows:

(19) (e) State, etc.:

(20) (1) The term "State" includes Alabama, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 3810 such term includes Puerto Rico.

(21) (2) The term "United States" when used in a geographical sense includes the Territories of the United States and on and after the effective date specified in section 3810 such term includes Puerto Rico.

(22) (e) (2) American vessel.—The term "American vessel," includes vessels of the United States and on and after the effective date specified in section 3810 such term includes Puerto Rico.

(23) (2) Existing transportation systems—(1) Existing transportation systems—

(24) (b) Effective January 1, 1951, section 1428 (b) of the Internal Revenue Code is amended by striking out subsections (1) and (4) and inserting in lieu thereof the following:

(25) (c) Effective January 1, 1951, section 1428 (c) of the Internal Revenue Code is amended by striking out subsection (g) and inserting in lieu thereof the following:

(26) (1) The term "agricultural labor" includes all services performed—

(27) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof. For the purposes of this section, the term "employee" includes individuals who are not residents of the United States or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(28) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(29) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(30) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(31) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(32) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(33) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(34) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(35) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(36) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(37) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(38) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(39) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(40) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(41) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(42) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(43) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.

(44) (a) In employment of the operator of a farm, of which the operator is a resident of the United States, or of any State or political subdivision thereof, or any cooperative or other organization, including as employees, any individuals who are not residents of the United States or of any State or political subdivision thereof.
State or political subdivision in connection with and at the time of such acquisition.

The term 'political subdivision' includes: an organization for the benefit of citizens of a State, or of one or more political subdivisions of a State, or of (ii) a State and one or more of its political subdivisions.

1. Exemption of religious, charitable, etc., organizations:

(a) Waiver of exemption by organization.
(b) Requirements for exempt organization.

(2) Waiver of exemption by organization.

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(196) Waiver of exemption by organization.

(197) Waiver of exemption by organization.

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(208) Waiver of exemption by organization.

(209) Waiver of exemption by organization.

(210) Waiver of exemption by organization.
Section 3650

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(4) Section 3714 (a) of the Internal Revenue Code is amended by inserting at the end thereof the following:

"Employment taxes, see sections 1653 and 3312 (d).

(5) Section 3770 (a) (6) of the Internal Revenue Code is amended by inserting at the end thereof the following:

"Employment taxes, see sections 1636 and 3313.

(6) Section 3772 (c) of the Internal Revenue Code is amended by inserting at the end thereof the following:

"Employment taxes, see sections 1636 and 3313.

"SELF-EMPLOYMENT INCOME"

"Sec. 208. (a) Chapter 1 of the Internal Revenue Code is amended by adding at the end thereof the following new sections:

"(b) Penalties, etc: The provisions of subsection (a) of this section shall apply to any penalty or sum

"Sec. 1635. Period of limitation upon assessment and collection of certain employment taxes,

"(a) Subchapter E of chapter 9 of the Internal Revenue Code is amended by inserting at the end thereof the following new sections:

"(b) Penalties, etc: The provisions of subsection (a) of this section shall apply to any penalty or sum

"Sec. 1636. Period of limitation upon refunds and credits of certain employment taxes.

"(a) General rule: In the case of any tax imposed by subchapter A of this chapter or subchapter D of this chapter has been made within the period

"(b) False return or no return: In the case of a false or fraudulent return with intent to evade the tax or to cause a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun at any time.

"(c) Willful attempt to evade tax: In case of a willful attempt in any manner to defeat or evade tax, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

"(d) Collection after assessment: Where the assessment of any tax imposed by subchapter A of this chapter or subchapter D of this chapter has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only after:

"(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and from any trade or business as a real estate dealer;

"(2) There shall be excluded Income derived from any trade or business in which, at any time during the calendar year before which the return was filed, the tax was paid, no credit or refund shall be allowed or made after the expiration of whichever of such periods expires the later.

"(3) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1961, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(4) In the case of any taxable year beginning after December 31, 1961, and before January 1, 1970, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(5) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(6) Subchapter E—TAX SELF-EMPLOYMENT INCOME

"Sec. 480. Rate of tax.

"In addition to other taxes, there shall be levied, collected, and paid for each taxable year beginning after December 31, 1950, the tax as follows:

"In the case of any taxable year beginning after December 31, 1959, and before January 1, 1966, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"In the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(7) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1961, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(8) In the case of any taxable year beginning after December 31, 1961, and before January 1, 1970, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(9) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(10) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(11) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(12) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(13) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.

"(14) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4/4 per centum of the amount of the self-employment income for such taxable year.
As would be required under section 1426 (a) if such services constituted employment under section 1426 (b). In the case of any taxable year beginning prior to the effective date referred to in sections 1426 (e), 481 (a) (7), and 481 (b) shall be January 1 of the first calendar year which begins more than 30 days after the date referred to which the President receives such certification.

"Sec. 3811. Collection of taxes in Virgin Islands and Puerto Rico.

"Notwithstanding any other provision of law relating to the Virgin Islands or Puerto Rico, all taxes imposed by subsection E of chapter 1 and by subsection A of chapter 9 shall, in the case of such tax, extend to and be applicable in the Virgin Islands and Puerto Rico in the same manner and to the same extent as if the Virgin Islands and Puerto Rico were each a State, and as if the term "United States" when used in a geographical sense included the Virgin Islands and Puerto Rico.

"Sec. 3812. Mitigation of effect of statute of limitations and other provisions of this subchapter relating to taxes imposed by different chapters.

"(a) Self-employment tax and tax on wages: In the case of the tax imposed by subsection E of chapter 1 (relating to self-employment), and the tax imposed by section 3810 of chapter 9 (relating to taxes on employment under the Internal Revenue Code)...

"(b) Collection of taxes in Virgin Islands and Puerto Rico: For provisions relating to collection of taxes in Virgin Islands and Puerto Rico...

"(c) Chapter 38 of the Internal Revenue Code is amended by adding at the end thereof the following new sections:

"Sec. 3810. Effective date in case of Puerto Rico.

"If the Governor of Puerto Rico certifies to the President of the United States that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of title II of the Social Security Act effective date referred to in sections 1426 (e), 481 (a) (7), and 481 (b) shall be January 1 of the first calendar year which begins more than 30 days after the date referred to which the President receives such certification.

"Sec. 3801. Collection of taxes in Virgin Islands and Puerto Rico.

"Notwithstanding any other provision of law relating to the Virgin Islands or Puerto Rico, all taxes imposed...

"Sec. 3811. Collection of taxes in Virgin Islands and Puerto Rico.

"Notwithstanding any other provision of law relating to the Virgin Islands or Puerto Rico, all taxes imposed...
"(5) Section 107 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsection:

"(e) Tax on self-employment income: At the end of paragraph (1) of subsection (d) of section 107 of the Internal Revenue Code, as amended by section 1607 (b) of the Internal Revenue Code, there is inserted the following new paragraph:

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"(10) (A) for services performed by an individual under the age of eighteen in the course of the employer's trade or business, to the extent that such payment does not exceed $45 (exclusive of room, board, and tuition).

- "(4) The amendments made by paragraphs (1), (2), (5), and (6) shall be applicable only with respect to services performed after 1950.

- "(5) Effective with respect to remuneration paid after December 31, 1951, section 1607 (b) of the Internal Revenue Code is amended by striking out 'does not exceed $45' and inserting in lieu thereof 'is less than $50'.

- "(6) The payment by an employer (without deduction from the remuneration of an employee or his beneficiary (A) of the tax imposed upon an individual in, and at the time of, the sale of goods, or in connection with sickness or accident disability, or (D) death;"
...the administra-
...tion of the State plan.
...of the Social Security Act.
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...of the Social Security Act.
children, and (except when used in clause (2) of section 403 (a)) provides money payments for medical care or any type of remedial care recognized under State law for any mouth, whose claim for aid to the blind is denied under section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $5,000,000 as follows: He shall allot to each State $50,000, and shall allot the remainder of the $5,000,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(c) The term "relative with whom any dependent child is living" means the individual who is one of the relatives specified in subsection (a) and with whom such child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home.

(2) Out of the sums appropriated pursuant to section 511 the Administrator shall make allotments under subsection (a) for the fiscal year ending June 30, 1951, the sum of $8,250,000. Such sums shall be allotted according to the financial need of each State for assistance in carrying out its State plan, as determined by the Administrator after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 the Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 the Administrator shall allot $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 the Administrator shall allot $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) The amendments made by subsection (a) shall take effect October 1, 1950.

PART 3—MATERIAL AND CHILD WELFARE

"Sec. 502. (a) (1) Out of the sums appropriated pursuant to section 511 for each fiscal year ending June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot $7,500,000 as follows: He shall allot to each State $60,000, and shall allot the remainder of the $7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.
any Individual for any month as exceeds $50; 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 Administrator 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 no other purpose.

(b) The amendment made by subsection (a) shall take effect October 1, 1950.

Definition of aid to the blind

"Sec. 343. (a) Section 1006 of the Social Security Act is amended to read as follows:

"Definition of aid to the blind"

"Sec. 1006. For the purposes of this title, the term "aid to the blind" means money payments to, or medical care in behalf of any Individual for any type of remedial care recognized under State law in behalf of, blind individuals who are needy, but does not include any payment to an Individual who is an inmate of a public institution (except as a patient in a medical institution), or any Individual who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and who is being treated in a medical institution as a result thereof.

(b) The amendment made by subsection (a) shall take effect October 1, 1950, except that the exclusions of money payments to needy Individuals described in clause (a) or (b) of section 1006 of the Social Security Act, and the exclusions of money payments to needy Individuals who are not patients in a public institution, be effective July 1, 1952.

Approval of certain State plans

"Sec. 344. (a) In the case of any State (as defined in the Social Security Act, including Puerto Rico and the Virgin Islands) which did not have on January 1, 1949, a State plan for aid to the blind approved under section 1002 (a) of the Social Security Act, the Administrator shall approve a plan of such State for aid to the blind for the purposes of such title X, even though it does not meet the requirements of clause (e) or section 1002 (a) of the Social Security Act, if it meets all other requirements of such title X and if the Administrator is satisfied, after an opportunity for an Individual to be heard, that aid to the blind is being provided under the plan approved under section 1002 (a) of this Act, to the extent of the amount of the sums expended during such quarter as found necessary by the Administrator 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 in addition, any of such sums may be used for paying the funeral expenses of the deceased Individual.

(b) The provisions of subsection (a) shall be effective only for the period beginning October 1, 1950, and ending June 30, 1955.

PART 5—AID TO THE PERMANENTLY AND TOTALLY DISABLED

"Sec. 351. The Social Security Act is further amended by adding after title XIII thereof the following new title:"

"TITLE XIV—GRANTS TO STATES FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

"APPROPRIATION"

"Sec. 1401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to individuals who, on account of age or permanent and total disability, are not otherwise covered by any provision of law for the aged, the blind, or persons of any other age, and who are not otherwise enabled to support themselves, there is hereby appropriated to each State for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions.

(b) The Administrator shall approve any plan which, in the Administrator's opinion, fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for aid to the permanently and totally disabled, any requirement that any Individual must remain in the employ of an employer for a specified period of time.

(1) Any residence requirement which excludes any resident of the State who has resided in the State for not less than one year immediately preceding the application for aid to the permanently and totally disabled has resided therein continuously for one year immediately preceding the application for aid to the permanently and totally disabled has resided therein continuously for one year immediately preceding the application for aid to the permanently and totally disabled.

(2) Any citizenship requirement which excludes any citizen of the United States.

"PAYMENT TO STATES"

"Sec. 1402. (a) Any plan approved under this section shall be used for making payments to each State which has an approved plan for aid to the permanently and totally disabled."

"STATE PLANS FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

"Sec. 1402. (a) A State plan for aid to the permanently and totally disabled must (1) establish and maintain standards for such institutions, and (2) provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment of a single State agency to supervise the administration of the plan; (4) provide for granting an opportunity for a fair hearing before the Single State agency to any Individual whose claim for aid to the permanently and totally disabled is denied or is not acted upon within reasonable promptness; (5) provide for the making of such investigations as the Administrator may find necessary to assure the proper and efficient administration of the plan; (6) provide such rules and regulations as the Administrator may from time to time find necessary to assure the proper and efficient administration of the plan; (7) provide that no aid will be furnished by the Single State agency to any Individual who is not related to support the Individual; (8) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (9) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (10) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (11) effective July 1, 1953, provide, if the plan includes payments to Individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions.

(b) The Administrator shall approve any plan which, in the Administrator's opinion, fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for aid to the permanently and totally disabled, any requirement that any Individual must remain in the employ of an employer for a specified period of time.

(1) Any residence requirement which excludes any resident of the State who has resided in the State for not less than one year immediately preceding the application for aid to the permanently and totally disabled has resided therein continuously for one year immediately preceding the application for aid to the permanently and totally disabled.

(2) Any citizenship requirement which excludes any citizen of the United States.

"PART 6—AID TO THE PERMANENTLY AND TOTALLY DISABLED

"Sec. 1402. (a) A State plan for aid to the permanently and totally disabled must (1) establish and maintain standards for such institutions, and (2) provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment of a single State agency to supervise the administration of the plan; (4) provide for granting an opportunity for a fair hearing before the Single State agency to any Individual whose claim for aid to the permanently and totally disabled is denied or is not acted upon within reasonable promptness; (5) provide for the making of such investigations as the Administrator may find necessary to assure the proper and efficient administration of the plan; (6) provide such rules and regulations as the Administrator may from time to time find necessary to assure the proper and efficient administration of the plan; (7) provide that no aid will be furnished by the Single State agency to any Individual who is not related to support the Individual; (8) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (9) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (10) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (11) effective July 1, 1953, provide, if the plan includes payments to Individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions.

(b) The Administrator shall approve any plan which, in the Administrator's opinion, fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for aid to the permanently and totally disabled, any requirement that any Individual must remain in the employ of an employer for a specified period of time.

(1) Any residence requirement which excludes any resident of the State who has resided in the State for not less than one year immediately preceding the application for aid to the permanently and totally disabled has resided therein continuously for one year immediately preceding the application for aid to the permanently and totally disabled.

(2) Any citizenship requirement which excludes any citizen of the United States.

"PART 7—AID TO THE PERMANENTLY AND TOTALLY DISABLED

"Sec. 1402. (a) A State plan for aid to the permanently and totally disabled must (1) establish and maintain standards for such institutions, and (2) provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment of a single State agency to supervise the administration of the plan; (4) provide for granting an opportunity for a fair hearing before the Single State agency to any Individual whose claim for aid to the permanently and totally disabled is denied or is not acted upon within reasonable promptness; (5) provide for the making of such investigations as the Administrator may find necessary to assure the proper and efficient administration of the plan; (6) provide such rules and regulations as the Administrator may from time to time find necessary to assure the proper and efficient administration of the plan; (7) provide that no aid will be furnished by the Single State agency to any Individual who is not related to support the Individual; (8) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (9) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (10) provide that the Single State agency shall, in determining need, take Into consideration any other income and resources of an Individual, and (11) effective July 1, 1953, provide, if the plan includes payments to Individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions.

(b) The Administrator shall approve any plan which, in the Administrator's opinion, fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for aid to the permanently and totally disabled, any requirement that any Individual must remain in the employ of an employer for a specified period of time.

(1) Any residence requirement which excludes any resident of the State who has resided in the State for not less than one year immediately preceding the application for aid to the permanently and totally disabled has resided therein continuously for one year immediately preceding the application for aid to the permanently and totally disabled.

(2) Any citizenship requirement which excludes any citizen of the United States.
not be considered as a basis for reduction under clause (B) of this paragraph.

(3) The Secretary of the Treasury shall therewith submit to the Fiscal Service of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay to the Treasury, at the time or times as required by the Administrator, the amount so certified.

"OPERATION OF STATE PLANS"

"Sec. 1404. In the case of any State plan for aid to the permanently and totally disabled who has been approved by the Administrator, if the Administrator after reasonable notice and opportunity for hearing to the State has declared the plan or any part thereof to require the administration of any such prohibited requirement is imposed, the Administrator shall make no further certification to such State."

"Sec. 1405. For the purposes of this title, the term 'Secretary of the Treasury with respect to such State' shall be defined as follows:

"(1) The plan has been so changed as to impose any residence or citizenship requirement prohibited by section 1402 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

"(2) That in the administration of the plan the Administrator has to comply substantially with any provision required by section 1402 (a) to be included in the plan;

"the Administrator shall not make any further certification to such State agency that further payments will not be made to the State until he is satisfied that such prohibited requirement is no longer so imposed, or that no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

"DEFINITION"

"Sec. 1405. For the purposes of this title, the term 'aid to the permanently and totally disabled' means medical aid to the permanently and totally disabled who has been totally disabled by disease or medical care in behalf of, or any type of remedial care recognized under State law in behalf of,

"needy individuals eighteen years of age or older who are permanently and totally disabled, but does not include any such payments to or care in behalf of any individual who is a patient in a public institution (except as a patient in a medical institution) or any individual (a) who is a patient in an institution for the chronically ill, retarded, or insane, (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution, or

"PART 8—MISCELLANEOUS AMENDMENTS"

"Sec. 401. (a) Section 701 of the Social Security Act is amended to read:

"(b) Section 701 of the Social Security Act is amended to read:

"REPORTS TO CONGRESS"

"Sec. 402. (a) Section 541 of the Social Security Act is repealed.

"(b) Section 704 of such Act is amended to read:

"REPORTS"

"Sec. 704. The Administrator shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which he is charged under this Act. In addition to the number of copies of such report authorized by this Act, there is hereby authorized to be printed not more than five thousand copies of such report for use by the Administrator for distribution to Members of Congress and to other public or private agencies or organizations participating in or concerned with the social security program.

"AMENDMENTS TO TITLE XI OF THE SOCIAL SECURITY ACT"

"Sec. 403. (a) Paragraph (1) of section 1101 (a) of the Social Security Act is amended to read as follows:

"(1) The term "State" includes Alaska, Hawaii, and the District of Columbia, and when used in connection with section 1109 the term includes Puerto Rico and the Virgin Islands.

"(b) The amendment made by paragraph (1) of section 1101 (a) of the Social Security Act is amended to read as follows:

"(3) The term "Administrator", except when the context otherwise requires, means the Federal Security Administrator.

"(c) The amendment made by paragraph (1) of this subsection shall take effect October 1, 1950, and the amendment made by paragraph (2) of this subsection, insofar as it repeals the definition of 'employee', shall be effective only with respect to services performed after October 1, 1950.

"(d) Effective October 1, 1950, section 1101 (a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) The terms 'physician' and 'medical care' and 'hospitalization' include osteopathic practitioners or the services of osteopathic practitioners and hospitals within the scope of their practice as defined by State law.

"(e) Section 1102 of the Social Security Act is amended by striking out 'children's Bureau', 'Chief of the Children's Bureau', 'Secretary of Labor', and in the sections 503 (a) and 513 (a) 'Board' and inserting in lieu thereof 'Administrator',

"(f) The heading of title VII of the Social Security Act is amended to read 'ADMINISTRATION';

"(g) Title XI of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"LIMITATIONS ON PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS"

"Sec. 1106. The total amount certified by the Administrator under titles I, IV, X, and XIV, for payment to Puerto Rico with respect to any fiscal year shall not exceed $4,250,000; 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.

"TITLE IV—MISCELLANEOUS PROVISIONS"

"OFFICE OF COMMISSIONER FOR SOCIAL SECURITY"

"Sec. 401. (a) Section 701 of the Social Security Act is amended to read:

"OFFICE OF COMMISSIONER FOR SOCIAL SECURITY"

"Sec. 701. There shall be in the Federal Security Agency a Commissioner for Social Security, appointed by the Administrator, who shall perform the functions relating to social security as the Administrator shall assign to him.

"(b) Section 608 of the Social Security Act is amended by adding at the end thereof the following:

"DISCLOSURE OF INFORMATION IN POSSESSION OF AGENCY"

"Sec. 1107. (a) No disclosure of any return or portion of a return (including information returns and other information filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code, or under regulations made under authority thereof, which has been transmitted to the Administrator, the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any time by the Administrator or by any officer or employee of the Federal Security Agency in the course of discharging the duties of the Administrator under this Act, and no disclosure of any such file, record, report, or other paper, or information, obtained at any time by any person from the Administrator or from any officer or employee of the Federal Security Agency, shall be made except as the Administrator may by regulations prescribe. Any person who shall violate any provision of this subsection shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding $1,000, or by imprisonment not exceeding one year, or both.

"(b) Requests for information, disclosure of which is authorized by regulations prescribed pursuant to subsection (c) of this section, may be compiled with if the agency, person, or organization making the request agrees to pay for the labor charged to the information in such amount, if any (not exceeding the cost of furnishing the information), as may be determined by the Administrator. Payments for information compiled pursuant to this subsection shall be deposited in the Treasury as a special deposit to be used to reimburse the appropriations (including authorities to make expenditures from the Federal Old-Age and Survivors Insurance Trust Fund) for the unit or units of the Federal Security Agency which provided or furnished such services.

"ADVANCES TO STATE UNEMPLOYMENT FUNDS"

"Sec. 1107 (b) of the Social Security Act is amended by striking out 'the Federal Security Administration' and by inserting in lieu thereof 'Administrator', and by striking out 'wife, parent, or child', wherever appearing therein, and inserting in lieu thereof 'wife, parent, widower, former wife divorced, child, or parent'.

"(e) Section 1107 (a) of the Social Security Act is amended by striking out 'Board' and inserting in lieu thereof 'Administrator'.
striking out 'April 1, 1950' and inserting in lieu thereof 'April 1, 1952'.

(2) The amendments made by subsections (a) and (b) of this section shall be effective as of January 1, 1950.

**Provisions of State Unemployment Compensation Laws**

"Sec. 405. (a) Section 1603 (c) of the Internal Revenue Code is amended (1) by striking out the phrase 'changed its law' and inserting in lieu thereof 'amended its law', and (2) by inserting before the period at the end thereof the following: and such finding has become effective. Such finding shall become effective on the ninetieth day after the Governor of a State has notified thereof unless the State has before such ninetieth day so amended its law that the finding is rendered ineffective.

(b) Section 200 (b) of the Social Security Act is amended by inserting before the period at the end thereof the following: 'and such Section is performed by an individual who is not regularly employed by the employer to perform such service. The Senate amendment further provides that such an individual is deemed to be regularly employed by an employer during a calendar quarter if he is employed (determined in accordance with the test in the preceding clause) by such employer in the performance of services of the prescribed character during the preceding calendar quarter. The amendment provided that such service is performed on a farm operated for profit. The conference agreement adopts the House provision with the additions made by the Senate amendment.

**Old-age and Survivors Insurance Coverage**

**Definition of Employment**

**Agricultural Labor**

The House bill continued the exclusion under existing law of agricultural labor from the definition of 'employment,' although the House bill narrowed the definition of 'agricultural labor.' The Senate amendment excluded from the definition of 'employment' agricultural labor performed on any calendar quarter by an employee, but only if the cash remuneration paid for such service is performed by an individual who is not regularly employed by the employer to perform such service. The Senate amendment further provided that such an individual is deemed to be regularly employed by an employer during a calendar quarter if he is employed (determined in accordance with the test in the preceding clause) by such employer in the performance of services of the prescribed character during the preceding calendar quarter. The amendment provided that such service is performed on a farm operated for profit. The conference agreement adopts the House provision with the additions made by the Senate amendment.

**Domestic Workers**

The House bill excluded from employment service not in the course of the employer's trade or business (including domestic service performed in any calendar quarter by an employee, but only if the cash remuneration paid to an individual for such service is less than $25, or such service is performed by an individual who is not regularly employed by the employer to perform such service. For the purposes of the Senate amendment, an individual is deemed to be regularly employed by an employer during a calendar quarter only if (i) such individual performs for such employer during some portion of at least 26 days during the calendar quarter, or (ii) such individual is regularly employed (determined in accordance with clause (i) by such employer in the performance of service of the prescribed character during the preceding calendar quarter. The Senate amendment modified the House bill by requiring $50 of cash wages instead of $25 of cash wages earned in the quarter, and providing that the test of regularity be based upon performance of services on each of 24 days during a quarter rather than 26 days.

The conference agreement adopts the Senate amendment as to service not in the course of the employer's trade or business. The agreement also conforms with the policy of the Senate amendment with respect to domestic service, but the cash test of $50 is changed from a remuneration earned in the calendar quarter basis to a calendar quarter basis. Under the conference agreement, cash remuneration received by an employee in a calendar quarter for domestic service is not included as wages if such service does not constitute wages unless the cash remuneration for such service received by the employee in the calendar quarter is $50 or more, and the employer is regularly employed by the employer in such quarter of payment in the performance of such service.
12638

CONGRESSIONAL RECORD-HOUSE

In a private home of the employer) performed on a farm operated for profit. The
Senate amendment omitted this provision
because of Its amendment (adopted under
the conference agreement) including such
service within the definition of agricultural
labor. The conference agreement conforms
with the Senate action,
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The House bill excluded from employment
the employ of the
In
service performed
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te UntedStat-,
of ay intruentaityof
Government which Is partly or wholly owned
by the United States but only if (1) such
service is covered by a retirement system
established by a law of the United States for
employees of the United States or of such
instrumentality, 01 (2) the service is of the
character described in any one of a list of 13
special classes of excepted services. The Senate amendment adopted the general policies
of the House bill except for one area of Federal employment. The large group covered
under the Senate amendment and not under
the House bill consists of employees serving
under a temporary appointment pending
final determination of eligibility for permanent or indefinite appointment; and the conference agreement extends coverage to this
group.
The conference agreement contains three
separate subparagraphs. Subparagraph (A)
excepts from employment service performed
in the employ of the United States or of
any instrumentality of the United States,
If such service is covered by a retirement
system established by a law of the United
States. Determinations as to whether the
particular service is covered by a retirement
system of the requisite character are to be
made on the basis of whether such service is
covered under a law enacted by the Congress
of the United States which specifically provides for the establishment of such retirement system. Subparagraph (B) excepts
from employment service performed in the
employ of an instrumentality of the United
States If such an instrumentality was exempt from the tax imposed by section 1410
of the Internal Revenue Code on December
31, 1950. This provision can apply in the
case of an instrumentality created after 1950
if such Instrumentality, had it been In existence on December 31, 1950, would have
been exempt from such tax by reason of a
provision of law In effect on that date. The
exception from employment under subparagraph (B) does not apply to (i) service performed in. the employ of a corporation which
Is wholly owned by the United States (but
such service, of course, is not included as
employment if the service is excluded upon
)-licatlon of the rules contained in subparagraph (A) or (C); (ii) service performed in the employ of a national farm
loan association, a production credit associaticn, a Federal Reserve bank, or a Federal
credit union; (iii) service performed In the
employ of a State, county, or community
committee under the Production and Marketing Administration; (iv) service performed by a civilian employee, who is not
compensated from funds appropriated by
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n istumetaltyof
States subject to the jurisdiction of the
Secretary of Defense, at installations of the
Department of Defense for the comfort,
pleasure, contentment, end mental and
physical improvement Of personnel of such
Subparagraph (C) excepts
Department.
from employment service performed In the
employ of the United States or in the employ of any instrumentality of the United
States if the service is of the character de-

AUGUST 16

The House bill Included as employment
service performed in the employ of a political
subdivision of a State (including an instru
mentality of one or more subdivisions) in
connection with the operation of a public
transportatIo'n system if such service is performed by an employee who (I) became an
employee of the political subdivision in connection with and at the time of its acquisition after 1936 of the transportation system
or arny part thereof, and (ii) prior to the acquisition rendered services which constituted employment (for social-security-coverage purposes) in connection with the operation of the transportation system or pat
thereof acquired by the political subdivision,
Under the House provision if a city acquired
a transportation system in 1930, and In 1940
acquired from private ownership a bus line
which became part of the city transportation
system, only the employees taken over from
the privately owned bus line would be covered
Other emfor social-security purposes.
ployees working for the city in connection
systransportation
Its
of
operation
the
with
tem, including employees hired after the
acquisition of the bus line, would not have
been covered under the House provision,
However, In the case of employees taken
over by a political subdivision in connection with an acquisition made prior to the
effective date of the provisions in the House
bill amending the definition of employment,
the House bill provided that if the political
subdivision filed with the Commissioner of
Internal Revenue prior to such effective date
a statement that It did not favor the coverage of any employee who became an emnployee in connection with acquisitions made
before such effective date, then the services
of such employees would not constitute employment.
The Senate amendment provided for the
inclusion as employment of all service performed in the employ of a State or political
subdivision (or instrumentality) in connection with the operation of any public-transportation system the whole or any part of
which was acquired after 1936. The Senate
amendment did not limit coverage to those
employees taken over from private employers
at the time of such acquisition.
The conference agreement adopts the provision of the Senate amendment as the gen-

constitution by reason of an express provi­
sion, dealing specifically with retirement
systems established by the State or subdivi­
sions of the State, which forbids such dimi­
nution or impairment.
A constitutional provision permitting dimi­
nution or impairment by action of the legis­
lature would not qualify, under the confer­
ence agreement, as a constitutional provi­
sion described In clause (Ii).
If the State or political subdivision made
an acquisition described in the preceding
not cov­
paragraph and the employees aresystem
de­
ered under a general retirement
scribed in clause (ii) above, all service in
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and
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including the service of employees who did
not work for the private employer from
whom the State or political subdivision ac­
quired its transportation system.
If the State or political subdivision which
acquired part of its transportation system
after 1936 and before 1951 had on December
31, 1950, a general retirement system coverIng the services of its transportation em­
ployees, and the tests of clauses (I) and (ii)
are both satisfied, none of the employees
(ujctoalmedxepinstfrhn
the following paragraph) would be covered.
This exclusion from employment will apply
even in the case of employees who worked
for the private employer from whom the
State or political subdivision acquired the
transportation system (or part thereof) and
who became employees of the State or politIcal subdivision in connection with the ac­
quisition.
The conference agreement provides, how­
ever, in the case of a transportation systema
in which service is not employment by rea­
son of rules set forth in the preceding parsgraphs, that if the State or political sub­
division makes a new acquisition from pri­
vats ownership after 1950 of an addition to
Its transportation system, then In the case
of any employee who­
(A) Became an employee of the state or
political subdivision In connection with and
at the time of its acquisition (after 1950)
of the addition to its transportation system,
and
(B) Prior to such acquisition rendered
service which constituted employment (for
social-security-coverage purposes) In con­
nection with the operation of the addition
to the transportation system acquired by
the State or 'political subdivision,
the service of such employee (in connec­
tion with any part of the transportation
system) shall constitute employment, com­
mencing with the first day of the third cal­
endar quarter following the calendar quar­
ter in which the acquisition of the new
addition took place, unless on such first day,
the service of the employee is covered by a
general retirement system which does not
contain special provisions applicable only to

eral rule to be applied, but thi agreement
sets forth certain conditions and circuinstances under which none, or only some, of
the employees will be covered.
Under the conference agreement, If the
State or political subdivision acquires a
transportation system, or any part thereof,
from private ownership after 1936 and before
1951, all employees (with respect to services
rendered after 1950 in connection with the
operation of the transportation system) will
be covered unless(I) The State or political subdivision on
December 31, 1950, has a general retirement
system (a defined term) in effect, covering
substantially all services performed in connection with the operation of the transportation system; and
(ii) Such general retirement system provides benefits which are protected from
diminution or impairment under the State

employees taken over by the State or politi­
cal subdivision in connection with such
acquisition.
The rule of the Immediately preceding
paragraph is, under the conference agree­
ment, applicable in one other situation. If
a State or political subdivision is operating
a public transportation system on Decemher 31, 1950, but no part of the system was
acquired after 1936 and before 1951, none
of the service of the employees will consti­
tute employment unless the State or political
subdivision makes an acquisition on or after
January 1, 1951, from private ownership of
an addition to its existing system. In the
case of such an acquisition of a part of its
transportation system, the employees taken
over by a State or political subdivision at
the time and in connection with such acqui­
sition wIll be covered, or not covered, upon
application of the rule set forth In the pre­

ecribed in any one of a list of 13 special
classes of excepted services. These 13 apecial classes of excepted services include the
12 special classes of excepted services listed
In the Senate amendment and, in addition,
service performed by an individual to whom
the civil Service Retirement Act of 1930 does
not apply because such individual is sub(either
to another retirement systemStates
or
by a law of the United
by the agency or instrumentality for which
th) service is performed),
OperEmployees of Transportation Systems
eted by a State or Political Subdivision


ceding paragraph. Employees of the public transportation system not taken over from private ownership at the time of such acquisition would not be affected at all—their service would remain excluded from employment.

In the case of a State or political subdivision which does not operate on December 31, 1950, a transportation system, but acquires such a system on or after that date, the conference agreement provides that all service performed in connection with the operation of the acquired transportation system will constitute employment under the Internal Revenue Act, unless the organization has a general retirement system covering substantially all the service performed in the operation of the transportation system.

The term "general retirement system" is defined to mean any pension, annuity, retirement, or similar fund or system established by a State or political subdivision for employees of the State, political subdivision, or both, but does not include a fund or system which covers only employees who are performing in positions connected with the operation of its public transportation system.

A transportation system or part thereof is considered to have been acquired by a political subdivision from private ownership if prior to the acquisition service performed in connection with the operation of the system or the acquired part constituted employment (for social-security-coverage purposes) and some of such employment was performed by employees of the State or political subdivision in connection with and at the time of such acquisition.

"Public transportation system" is defined to include an instrumentality of a State, of one or more State political subdivisions, or of a State and one or more of its political subdivisions.

Coverage of State and Local Employees Under Compacts

The House bill provided for the extension of old-age and survivors insurance coverage to employees of State and local governments under agreements negotiated between the States and the Federal Security Administration. The Senate bill also permitted the employees of State and local governments, covered by State or local government retirement systems, to be covered by such agreements if two-thirds of the employees consented to be so covered. The Senate amendment modified the House provisions to the effect that a State or political subdivision may extend to its employees the old-age and survivors insurance extension agreed to by them, or any part thereof. The conference agreement further provided for the establishment of separate coverage groups of employees engaged in the performance of single proprietary functions. The conference agreement adopts the Senate provisions.

Employees of Religious, Charitable, and Certain Other Nonprofit Organizations

Under the provisions of the charitable, educational, and other organizations exempt from income tax under section 101 (6) of the Internal Revenue Code were granted the same privilege as employees under the House bill, however, granted an exemption to such organizations from the tax imposed on the employ of such organization. The conference agreement further provided for the establishment of separate coverage groups of employees engaged in the performance of single proprietary functions. The conference agreement adopts the Senate provisions.

The House bill provided that any employee of an employee from or to a trust exempt from tax under section 165 (a) (3), (4), (5), and (6). The Senate amendment made a clarification change in the House provision to assure the exclusion of wages from a pay-

The Senate amendment added a new provision excluding from wages remuneration for agricultural labor paid in any medium other than cash. The Senate provision was necessitated because of the amendment that agricultural labor may be covered under certain conditions. The House bill contained no comparable provision. The conference amendment adopts the Senate provision.
The House bill contained an express provision relating to tips and other cash remuneration customarily received by an employee in the course of his employment from persons other than the person employing him. The Senate amendment eliminated this paragraph of the conference agreement; it conforms to the Senate amendment.

The Senate amendment contained a provision designed to make easier the computation of wages for services not in the course of the employer's trade or business, particularly with regard to domestic service. The House bill contained no comparable provision. The conference agreement adopts the Senate provision, but limits its application to remuneration for domestic service in a private home of the employer. The agreement views with favor the issuance of regulations in appropriate cases for the rounding of remuneration payments for such service to the nearest whole dollar. For example, if a household employee receives a cash remuneration payment of $9.50, or $10.49, or any amount in between, the payment could be rounded, for purposes of computing social security taxes. It would be considered to be $10. The rounding of cash wages payments to the nearest whole dollar will ease the householder's part in the social security taxes by reducing the complications involved in applying the tax rate to the wage payment, for purposes of any required record keeping, and for purposes of determining whether or not more has been paid to the employee in any calendar quarter.

Under the House bill, remuneration paid to certain home workers would constitute wages, but the definition of "employee" contained in the House amendment resulted in the exclusion of such remuneration from wages. Under the conference agreement, which includes home workers as employees, remuneration paid to home workers in any calendar quarter to a home worker (if such home worker is an employee under the definition of "employee") is considered to be wages; but only if cash remuneration of $50 or more is paid during the calendar quarter by the employer to such home worker. If $50 or more of cash remuneration is paid by the employer to such home worker during the calendar quarter, it is immaterial whether the $50 or more is paid during the quarter of payment or during a previous quarter.

The conference agreement also makes certain amendments in the definition of "wages" for purposes of the Federal Unemployment Compensation Act. The agreement specifies that the term "wages" includes the remuneration of an individual including performance of service by an individual who has the status of an employee but is not subject to licensing laws in the State in which such services are performed. The agreement extends the coverage of the Federal Unemployment Compensation Act to include tipped employees, the definition of "employee" which would otherwise not apply to tipped employees. The agreement also makes a change in the term "employee" under the definition of "wages" under the Federal Insurance Contributions Act.

Effective Date

The provisions of the conference agreement amending the definition of wages apply only with respect to remuneration paid after January 1, 1950.

Definition of "Employee"

The definition of the term "employee" in the House bill used the usual common-law rules to be determined "whether an individual is an employee. The Senate amendment adopted this provision without change but struck a clause added to the Senate bill to the effect that the definition of "employee" includes performance of service by an individual who has the status of an employee but is not subject to licensing laws in the State in which such services are performed. The conference agreement extends the coverage of the Federal Unemployment Compensation Act to include tipped employees, the definition of "employee" which would otherwise not apply to tipped employees. The agreement also makes a change in the term "employee" under the definition of "wages" under the Federal Insurance Contributions Act.

Self-Employed

In providing coverage for the self-employed, the House bill provided that the payment (and thus from benefit coverage) income derived from the performance of service by an individual (or partners) in the exercise of his profession as a physician, lawyer, dentist, chiropractor, or as an aeronautical...
children of women possessing such qualifications who died or became entitled to old-age insurance benefits. The widower's benefit, like that for a widow, is three-fourths of the average monthly wage of the insured worker. The Senate amendment adopted this provision, with an additional 2 years of coverage (or prior to September 1, 1950) could become entitled to child's benefits under the conference agreement became entitled to old-age insurance benefits for September 1950. (The conference agreement conforms with the Senate action in extending coverage in this area.)

### Benefits

#### Individuals entitled to benefits

**Wife's Insurance Benefits**

The House bill provided for payment of wife's insurance benefits to a wife under age 65 if she has in her care a child entitled to benefits on the basis of the wages and self-employment income of her husband. The Senate amendment provided for such coverage only if the husband's employment income of her husband. The Senate amendment provided that the average monthly wage may be computed as of the first quarter in which he attained retirement age if this provision is applicable to any individual who had received an insurance benefit for a month prior to 1950, and other persons would have had their benefits raised by a conversion table. The conference agreement adopted the Senate amendment except that it provides for a schedule of increases about midway between the amounts provided by the House bill and the Senate amendment so that survivors' benefits need not be diverted for payment of burial expenses of an Insured worker, and in addition provided for a periodic lump-sum death payment in certain cases.

#### Computation of benefits payable

**Computation of Primary Insurance Amount**

The House bill defined an individual's "primary insurance amount" as the sum of (1) his lifetime earnings, and (2) one-half of 1 percent of his base amount multiplied by the number of his years of coverage. The "base amount" would have been defined as an amount equal to 50 percent of the first $100 of his average monthly wage plus 10 percent of the next $200 of such wage. The Senate amendment eliminated the continuation factor and the "increment" for years of coverage, and provided a primary insurance amount equal to 50 percent of the first $100 of average monthly wage plus 15 percent of the next $200 of such wage. Under the House bill, the benefit formula stated above would be applicable to any individual who had not received an insurance benefit for a month prior to 1950 or had not died prior to 1950, and other persons would have had their benefits raised by a conversion table. The conference agreement adopted the Senate amendment except that it provides for a schedule of increases about midway between the amounts provided by the House bill and the Senate amendment so that survivors' benefits need not be diverted for payment of burial expenses of an Insured worker, and in addition provided for a periodic lump-sum death payment in certain cases.

**Average Monthly Wage**

Under the House bill, an individual's "average monthly wage" would have been computed by dividing the total of his wages and self-employment income for any "years of coverage" after a specified starting date by twelve times the number of such years of coverage. The conference agreement provides that the average monthly wage should be the total of wages and self-employment income, after a starting date and prior to the attainment of age 62, of the total number of months in that elapsed period. The conference agreement follows the Senate amendment in the method of computation in the present Social Security Act, modified to provide for new starting and ending date requirements.

**Lump-Sum Death Payments**

The House bill provided that a lump-sum death payment should be payable on the death of every insured worker. The Senate amendment would have retained existing law with respect to the case in which the lump-sum death payment would not have been fully insured under provisions of present law, the conference agreement provides that the average monthly wage may be computed as of the first quarter in which an individual both was fully insured and had attained retirement age if this provision is applicable to any individual who had received an insurance benefit for a month prior to 1950, and other persons would have had their benefits raised by a conversion table. The conference agreement adopts the Senate amendment except that it provides for a schedule of increases about midway between the amounts provided by the House bill and the Senate amendment so that survivors' benefits need not be diverted for payment of burial expenses of an Insured worker, and in addition provided for a periodic lump-sum death payment in certain cases.

### Conversion Table

#### Definition of "Quarter of Coverage"

The House bill provided that, for calendar quarters after 1950, the credit for one quarter of coverage would be applicable to any individual who had been paid $100 in wages or had been credited with $200 of self-employment income. The Senate amendment provided that, for calendar quarters after 1950, wages of $30 or self-employment income of $100 would result in a quarter of coverage. The conference agreement follows the Senate amendment.

### Fully Insured Individuals

The House bill provided that an individual would be fully insured if he either met the requirements of the present Social Security Act or had at least 40 quarters of coverage out of the 40-quarter period ending with the quarter in which he attained retirement age or with any subsequent quarter, or ending with the quarter in which he died. The Senate amendment provided that the individual (if living on September 1, 1950) would be fully insured if he had at least 1 quarter of coverage (no matter when acquired) for each quarter elapsed after 1930, or later attainment of age 21, and up to but excluding the quarter in which he attained retirement age or died, whichever first occurred, and at least 30 of the 40 quarters of coverage, if the individual attained retirement age or died, whichever first occurred, on or after September 1, 1950, and at least 40 of the 40 quarters of coverage, if the individual attained retirement age or died, whichever first occurred, on or after September 1, 1950. The conference agreement follows the Senate amendment.

### Permanent and Total Disability Insurance

The House bill provided insurance benefits for totally and permanently disabled insured individuals. The Senate amendment contained no comparable provision. The conference agreement does not provide for permanent and total disability insurance benefits.

### World War II Military Service

The House bill provided wage credits for World War II military service regardless of whether benefits based in whole or in part upon such service became payable under
another Federal benefit system, the cost of such credits to be borne by the Federal Treasury. The Senate amendment provided the same wage credits but only if a benefit based in whole or in part upon military service. The conference agreement provided that the Civil Service Commission whether benefits were payable by other Federal agencies based in whole or in part upon military service. The conference agreement also excepted that the Federal Security Administrator to ascertain the facts with respect to Federal benefit payments directly from the agency involved rather than through the Civil Service Commission.

Effective dates

The House bill provided that the effective date for the new benefit provisions would be January 1, 1950. The Senate amendment provided that the new benefit provisions would be effective with respect to months beginning with the second calendar month after the effective date of the bill. Under the conference agreement the new benefit provisions will be applicable for months after August 1950.

FINANCING AND ADMINISTRATIVE PROVISIONS

Rate of Tax on Wages

The House bill increased the rate of the employees' tax and of the employers' tax under the Federal Insurance Contributions Act from 1 1/2 percent on January 1, 1951. The Senate amendment postponed the increase in rates until January 1, 1956. The conference increased the rates of each tax to 2 percent on January 1, 1954. Otherwise the rates under the House bill, the Senate amendment, and the conference agreement are the same. Under the agreement the rates of each tax are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Tax on Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950 to 1953</td>
<td>1 1/2 percent</td>
</tr>
<tr>
<td>1954 to 1959</td>
<td>2 percent</td>
</tr>
<tr>
<td>1960 to 1969</td>
<td>3 percent</td>
</tr>
<tr>
<td>1970 to 1979</td>
<td>3 1/2 percent</td>
</tr>
</tbody>
</table>

Rate of Tax on Self-Employment Income

Under the House bill, the Senate amendment, and the conference agreement, the rates of tax on self-employment income are one and one-half times the rates of the employees' tax under the Federal Insurance Contributions Act.

The rates of the tax on such income for the respective taxable years under the conference agreement are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Tax on Self-Employment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950 to 1958</td>
<td>1 1/2 percent</td>
</tr>
<tr>
<td>1959 to 1960</td>
<td>2 percent</td>
</tr>
<tr>
<td>1961 to 1965</td>
<td>3 percent</td>
</tr>
</tbody>
</table>

Receipts for employees

The Senate amendment contained a provision requiring to receipts for employees, which is similar to the existing section 1629 of the code, relating to receipts for income tax withheld (the Forrnt W-2 furnished to employees). The provision would supersede section 1625, and section 1403 (relating to employer receipts for social security tax withheld), of the code with respect to wages paid after December 31, 1950. Such taxes would be determined on the basis of the records of wages established and maintained by the Federal Security Administrator and the wages reported to the Commissioner of Internal Revenue pursuant to section 2420(c) of the Internal Revenue Code with respect to wages paid after December 31, 1950. The Federal Security Administrator is required to furnish the managing trustee such information as the Secretary of the Treasury may require for making such estimates on the basis of such information. The tax collected by the managing trustee will be required to be credited into the Treasury as repayment to the trust fund for refunding internal revenue collections.

Return of self-employment tax

Under the House bill the provisions imposing the tax on self-employment income and of the Revenue Act of 1950 were included in the Internal Revenue Code as subchapter F of chapter 9, so that such tax was levied as one of the employment taxes subject to the administrative provisions relating to miscellaneous taxes. The Senate amendment included the provisions imposing the self-employment tax as subchapter F of the code. The Senate amendment to the self-employment tax would be levied, assessed, and collected as part of the income tax. The House bill excepted that it would not be taken into account for purposes of the estimated tax. In view of the close connection between the employment tax and the present income tax, and in the interests of simplicity for taxpayers and economy in administration, the conference agreement therefore adopts the provisions of the Senate amendment with respect to the integration of the self-employment tax with the income tax under chapter 1. Thus, except as otherwise expressly provided, the self-employment tax will be included with respect to the income tax for such taxable years ending with the close of 1952, and for an additional period of 2 years ending with the close of 1954. The self-employment tax will be subject to the provisions relating to the income tax, and the interest, penalties, or additions to the taxes, as applicable to the employment taxes, will be apportioned as provided in the Senate amendment with respect to the income tax.

The House amendment also provided that the Federal Security Administrator, or the officer acting for him as taxes which are subject to refund under section 1401, would automatically have been made in the trust fund amounts equivalent to 100 percent of the taxes collected under the old-age and survivors insurance program. The Senate amendment did not appropriate to the trust fund any such interest, penalties, or additions to the taxes. For the calendar years 1960 to 1964, the Senate amendment included the provisions of existing law which appropriate to the trust fund, in addition to the taxes, any interest, penalties, or additions to the taxes collected under the old-age and survivors insurance program. The conference agreement, except as otherwise expressly provided, requires that the self-employment tax be included with the taxes subject to refund under section 1401, and that such taxes are to be determined the basis of the records in collecting the taxes under the old-age and survivors insurance program, although it is recognized that a recognized amount can be assigned to this factor.

For the calendar years 1950 to 1959, inclusive...

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Tax on Self-Employment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950 to 1958</td>
<td>1 1/2 percent</td>
</tr>
<tr>
<td>1959 to 1960</td>
<td>2 percent</td>
</tr>
<tr>
<td>1961 to 1965</td>
<td>3 percent</td>
</tr>
</tbody>
</table>

For the calendar years 1960 to 1964, inclusive...

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Tax on Self-Employment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960 to 1964</td>
<td>3 percent</td>
</tr>
</tbody>
</table>

Payment of special refunds from trust fund

The conference agreement provides that for the calendar years 1950 to 1959, inclusive...

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Tax on Self-Employment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950 to 1958</td>
<td>1 1/2 percent</td>
</tr>
<tr>
<td>1959 to 1960</td>
<td>2 percent</td>
</tr>
<tr>
<td>1961 to 1965</td>
<td>3 percent</td>
</tr>
</tbody>
</table>

For the calendar year 1970 and subsequent calendar years...

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Tax on Self-Employment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970 to Present</td>
<td>3 1/2 percent</td>
</tr>
</tbody>
</table>
The Senate amendment authorized the Commissioner of Internal Revenue under regulations to determine to what extent refunds may be taken by the taxpayer as a credit against his income tax. The Senate amendment amended section 222 (a) of the code by authorizing the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to prescribe regulations which would permit the employee-taxpayer to claim credit against his income-tax liability under chapter 1 of the code for employee social-security tax withheld on his wages in excess of $3,600 received during the calendar year by reason of his employment by two or more employers. "Special refunds" so credited would be held for all purposes in the same manner as amounts held as referred to in subchapter D of chapter 9 of the code. The provision of this Senate amendment is only applicable to "special refunds" of employee social-security tax on wages paid after December 31, 1950. Nor may "special refunds" be claimed as a credit against the tax for the taxable year beginning before January 1, 1951.

The House bill contained no comparable provision. The conference agreement adopts the language of the Senate provision.

**Periods of limitation on assessments and refunds**

Under the existing law, the periods of limitations for taxes imposed by chapter 9 of the Internal Revenue Code, relating to assessments and collections, and section 3313, relating to refunds and credits. In general, those provisions provide a 4-year period of limitation on both assessments and refunds, and a 3-year period for bringing a proceeding in court for collection without assessment. On the other hand, the general rule of the income tax is that assessment must be made and taxes must be claimed within 2 years of the return is filed, except that if no return is filed refund must be claimed within 6 months after the tax is paid and in any event refund may be claimed within such 2-year period. The Senate amendment provided special periods of limitation similar to the provisions for income tax in the case of those taxes under the Federal Insurance Contributions Act, the income-tax withholding provisions, and the combined withholding provisions, which are collected and paid under a return system. The House bill contained no provisions with respect to this matter. The conference agreement adopts the provisions of the Senate amendment, with conforming amendments to reflect the limitations of the provisions relating to combined withholding.

The conference agreement provides, by increasing sections 1635 and 1636 in chapter 9 of the code, special periods of limitation which are applicable to such of the taxes under the Federal Insurance Contributions Act, the income-tax withholding provisions, and the combined withholding provisions, as are collected and paid under a return system. Those provisions are similar to provisions of sections 3312 and 3313 with respect to those taxes. However, the provisions of sections 3312 and 3313 will be applicable to any taxes imposed by the Federal Insurance Contributions Act and subchapter D of chapter 9 of the code (relating to income-tax withholding) which the Commissioner of Internal Revenue may require to be collected and paid, not by making a check or other stamp or by other authorized methods.

The periods of limitation prescribed by sections 1635 and 1636 are measured from the date the return is filed (other than where the filing is voluntary), with the constructive presumption described in the next sentence. Returns for any period in a calendar year, other than such as were filed before March 15 of the succeeding calendar year, are deemed filed (and tax paid at the time of filing such returns is deemed paid) on the last day of the succeeding calendar year, so that the period of limitations with respect to the tax for any part of a calendar year may begin only from a date in the succeeding year which corresponds to the filing date for income-tax returns.

The periods of limitation prescribed by sections 1635 and 1636 will be applicable only to taxes imposed with respect to remuneration paid during calendar years after 1950. The tax for any 1951 calendar year before 1951 will continue to be subject to sections 3312 and 3313.

**Mitigation of effect of statute of limitations**

The Senate amendment would add to the code a new section (sec. 3812), not included in the House bill, relating to the mitigation of the effect of the statutory limitation period for bringing proceedings for refunds or credits. The Senate amendment provides that the statute of limitations for bringing proceedings shall not bar or prevent any such proceedings if brought within the time prescribed by law, if the claim for refund or credit is based upon events occurring after the expiration of the time prescribed by law or upon any such provision.

The conference agreement follows the Senate amendment.

**Collection of taxes in Virgin Islands and Puerto Rico**

The House bill and Senate amendment both provided that, notwithstanding any other provision of law respecting taxation in the Virgin Islands or Puerto Rico, all taxes imposed by the Self-Employment Contributions Act and the Federal Insurance Contributions Act shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections. This provision is retained in the conference agreement. In addition, the conference agreement provides that all provisions of the internal-revenue laws of the United States relating to the administration and enforcement (such as the provisions relating to the ascertainment, return, determination, redetermination, assessment, collection, remission, credit, and refund) of the tax imposed by the Self-Employment Contributions Act, including the provisions of the Tax Court, the United States, and of any tax imposed by the Federal Insurance Contributions Act shall, in respect of such tax, extend to and be applicable in the Virgin Islands and Puerto Rico in the same manner and to the same extent as if the Virgin Islands and Puerto Rico were each a State, and as if the term "United States" when used in a geographical sense included the Virgin Islands and Puerto Rico.

**Combined withholding of income and employee social security taxes**

The Senate amendment provided under certain conditions for the combined withholding of the income tax at source on wages and the social-security tax owed by the employer under the code and of the employees' tax under the Federal Insurance Contributions Act. The House bill contained no provisions relating to combined withholding. The conference agreement contains no such provision.

**Public Assistance and Maternal and Child Health and Child Welfare Programs**

**Requirements for State Plans**

**Opportunity for a Fair Hearing**

The House bill providing with respect to all categories of public assistance for granting an opportunity for a fair hearing before the agency to any individual whose claim for assistance is denied or is not acted upon within a reasonable time. The Senate amendment provided the same opportunity for a fair hearing before the State agency to any individual whose claim for assistance is denied or is not acted upon with reasonable promptness. The conference agreement follows the Senate amendment.

**Training Program for Personnel**

The House bill provided with respect to all categories of public assistance that most public assistance agencies have developed training programs which are being used to advantage in the efficient expenditure of public funds. The further establishment and expansion of such programs should be encouraged, but this is left as a matter for State initiative. The conference agreement, therefore, contains no such provision.

**Opportunity To Apply for and To Receive Assistance Promptly**

The House bill provided with respect to all categories of public assistance that individuals wishing to make application for assistance shall have opportunity to do so and that assistance shall be furnished promptly to all eligible for assistance. The Senate amendment provided that all individuals wishing to make application for old-age assistance shall have opportunity to do so and that old-age assistance shall be furnished with reasonable promptness to all eligible individuals. The conference agreement follows the Senate amendment.

**Residence Provisions**

The Senate amendment added a provision to the present residence requirement with respect to children which would prevent the States from denying assistance with respect to any child who was born within 1 year immediately preceding the application for assistance if the parent or other person maintaining the child is living in the State for 1 year immediately preceding the birth. The House bill contained no such provision. The conference agreement follows the Senate amendment.

For aid to dependent children, the House bill provided that the State could not, as a condition of eligibility, require residence in the State of more than 1 year immediately prior to filing the application for assistance. The conference agreement did not contain any such provision. The conference agreement does not contain any such provision.
The House bill provided that a State might disregard such amount of earned income up to $50 per month as the State vocational rehabilitation agency for the blind might elect to dis-\dash count. The conference agreement amended the provision to provide that a State might disregard earned income up to $50 per month in the discretion of each State. After July 1, 1952, the State would be required to disregard earned income up to $50 per month. The conference agreement follows the Senate amendment.

The House bill provided that any State which did not have an approved plan for aid to the blind on January 1, 1949, could have its plan approved even though it did not meet the requirements of clause (6) of section 1002 (a) of the Social Security Act relating to the consideration of income and resources. The conference agreement provided that the Federal participation would be limited to 75 per cent of the payments made to individuals for care and treatment and other aids to the blind in the manner required by such clause 1002 (a) (6). Under the House bill these provisions would have been effective beginning October 1, 1949, and ending June 30, 1953. Under the Senate amendment they would have been permanent. The conference agreement provides that they shall be effective for the period beginning October 1, 1950, and ending June 30, 1955.

The House bill provided that in determining blindness there must be an examination by a physician skilled in diseases of the eye or by an optometrist. The Senate amendment provided that in determining blindness there must be an examination by a physician skilled in diseases of the eye. It further provided that the services of an optometrist within the scope of the practice of optometry, as prescribed by the laws of the State, shall be made available to recipients of aid to the blind as well as to recipients of any grant-in-aid program for improvement or conservation of vision. The conference agreement follows the Senate amendment with an amendment providing that after June 30, 1952, an applicant for aid to the blind shall be examined by a physician skilled in diseases of the eye or an optometrist to make the examination.

**Federal share of expenditures**

The House bill provided with respect to old-age assistance and aid to the blind for Federal participation to the extent of four-fifths of the first $25 of the State's average monthly payment per recipient, plus one-half of the next $25 of the average monthly payment per recipient, plus one-third of the remainder of the average payment within the individual maximums of $27 for the relative with whom the children are living, $27 for the first child, and $18 for each additional child. The Senate amendment retained the present formula for determining Federal grants-in-aid available to needy permanently and totally disabled individuals. The conference agreement follows the Senate amendment.

The House bill provided with respect to old-age assistance that the Federal percentage contributed toward assistance payments but increased the maximum with respect to individual payments to $30 for the children are living, $30 for the first child and $20 for each additional child. Under existing law the Federal share is three-fourths of the first $12 of the average monthly payment per child and one-half of the remainder within an Individual maximum of $50, as in the case of old-age assistance. The conference agreement retains existing law with respect to the maximums for children and the formula and provides a maximum of $27 with respect to the relative with whom the children are living.

**Medical care**

The House bill provided with respect to all categories of public assistance made Federal grants-in-aid available to needy permanently and totally disabled individuals. The Senate amendment contained a provision that the State public assistance agencies would work even more closely than is believed that the State public assistance agencies would work even more closely than is believed to be necessary to further rehabilitation and training, and that the State public assistance agencies would work even more closely than is believed to be necessary to ensure that the children are living, $27 for the first child and $18 for each additional child. Under existing law the Federal share is three-fourths of the first $12 of the average monthly payment per child and one-half of the remainder within an Individual maximum of $50, as in the case of old-age assistance. The conference agreement follows the Senate amendment.

The conference agreement provides that the State public assistance agencies would be required to disregard earned income up to $50 per month as the State might elect to dis-\dash count. The conference agreement follows the Senate amendment.

The House bill contained no such provision. The conference agreement for the first time beginning July 1, 1950, an authorization of $15,000,000 and for each fiscal year thereafter $15,500,000, and in each case the uniform allotment to each State is to be $60,000.

**Child welfare services**

The Senate amendment provided for a new title XIV under which aid would be provided to needy permanently and totally disabled individu-\al children. The conference agreement follows the Senate amendment.

The conference agreement provides for a new title XIV of the Social Security Act making Federal grants-in-aid available to needy permanently and totally disabled individuals 18 years of age and older. The maximum residence requirement that a State might impose is established at 5 out of the last 6 years and 1 year immediately preceding the application. The conference agreement follows the Senate amendment.

The conference agreement provides for a new title XIV under which aid would be provided to needy permanently and totally disabled individuals 18 years of age and older. The conference agreement follows the Senate amendment.

Although assistance would be confined to those who are permanently and totally disabled, it is recognized that with proper training, some of the individuals aided possibly could be returned to a condition of self-support. With the authorities for and the assistance payments, the conference agreement follows the Senate amendment.

The Senate amendment retained the increased $40,000 allotment and the provision relating to annual appropriation for child welfare services of $7,000,000, with the allotments to the States to be on the basis of rural population under the age of 18. It also provided that in developing the various services under the terms of the "medical care", the States are not compelled to utilize the facilities and experience of voluntary agencies for the care of children on a basis consistent with State and community programs and arrangements.

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The conference agreement follows the Senate amendment, except that the amount appropriated for the year commencing July 1, 1952, is $60,000.

**MISCELLANEOUS DEFINITIONS**

The Senate amendment contained a provision, not in the House bill, defining for the purposes of the Social Security Act the term "physician", "medical care", and "medical hospitalization" to include osteopathic practitioners or the services of osteopathic practitioners and hospitals. The conference agreement follows the Senate amendment.

**DISCLOSURE OF INFORMATION**

The House bill contained a provision, not in the House bill, defining for the purposes of the Social Security Act the term "physician", "medical care", and "medical hospitalization" to include osteopathic practitioners or the services of osteopathic practitioners and hospitals. The conference agreement follows the Senate amendment.

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The Senate amendment contained a provision, not in the House bill, defining for the purposes of the Social Security Act the term "physician", "medical care", and "medical hospitalization" to include osteopathic practitioners or the services of osteopathic practitioners and hospitals. The conference agreement follows the Senate amendment.

The conference agreement follows the Senate amendment, except that the amount appropriated for the year commencing July 1, 1952, is $60,000.
The Senate amendment authorized the Administrator to release, upon request, and to charge fees for, such portions of the records of the State agencies administering unemployment-compensation laws, and (2) special statistical studies and compilations of data relating to social-security programs. The Senate amendment required the Administrator to furnish wage-record information to a wage earner or his agent designated in writing by him (together with any interest or penalty thereon) paid by it with respect to certain remuneration which it paid during such calendar year. The credit or refund is limited to employer tax under section 1410 of subchapter A and employer tax under section 1600 of subchapter C.

PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS

The Senate bill added a new section 405 relating to findings under section 1003 of the Internal Revenue Code and under section 303 (b) (1) of the Social Security Act. The conference agreement adopts the Senate amendment in this respect. The present authority of the Secretary of Labor under section 1003 of the Internal Revenue Code and section 303 (b) of the Social Security Act is not changed but would only be delayed in operation by providing:

1. That no finding shall be made under section 1003 (c) of the Internal Revenue Code that a State law no longer contains the provisions specified in subsection 1003 (a) unless the State has amended its law.
2. That no finding shall be made under section 1003 (c) of the Internal Revenue Code shall become effective on the ninetieth day after the Governor of a State submits to the Secretary of Labor a statement that the State law is sooner amended to comply substantially with the Secretary's interpretation of the amendment of section 1003 (c) (after such amendment is effective).

The Senate amendment contained a provision to a credit or refund, without interest or penalty thereon, of the credit or refund of any overpayment with respect to State unemployment compensation law on the condition that the State law is sooner amended to comply substantially with the applicable provision of section 1003 of the Internal Revenue Code and at the same time enabling the State to act in the interim to amend its law.

The Senate amendment provided that the services constituted agricultural labor within the meaning of section 101 (12) of the Internal Revenue Code; (2) the services constituted agricultural labor under the laws of the State, thereby ensuring that the State law is sooner amended to comply substantially with the Secretary's interpretation of section 1003 (c) (after such amendment is effective).

The Senate amendment provided that the services constituted agricultural labor under the laws of the State, thereby ensuring that the State law is sooner amended to comply substantially with the applicable provision of section 1003 of the Internal Revenue Code.

The Senate amendment contained provisions to a credit or refund, without interest or penalty thereon, of the credit or refund of any overpayment against any income tax under section 1600 of subchapter C.

The conference agreement adopts the Senate amendment.

CERTAIN REINCORPORATIONS PRIOR TO 1951

As the Senate amendment provided certain limited relief from the taxes under subchapters A and C of chapter 9 of the Internal Revenue Code, where a corporation incorporated under the laws of one State is succeeded by another corporation incorporated under the laws of another State, there was no corresponding provision in the House bill. The conference agreement adopts the provisions of the Senate amendment. The relief is applicable only in the case of successor persons to the Corporation that succeeded at some time during the period from January 1, 1946, to December 31, 1950, both dates inclusive. If all of the conditions specified in section 1003 (a) of the Internal Revenue Code are met, the successor may count toward the $3,000 limitation in the definition of wages under such subchapter C. In determining such limitation by the successor to its employees in the calendar year in which the succession takes place, the amount of the predecessor's compensation paid by the predecessor to its employees in such calendar year to the same employees, as though such wages were paid by the successor, may be disregarded. If the successor is subject to the applicable statutes of limitation, the successor may be entitled under the provisions for a credit or refund, without interest or penalty thereon, paid by it with respect to certain remuneration which it paid during such calendar year.

The Senate amendment provided that the Social Security Act first became law 19 years ago last Monday the original Social Security Act first became law. I am proud of the fact that as chairman of the Committee on Ways and Means in 1935 I had the honor and privilege of initiating that law which has been of such great help to thousands of families throughout the length and breadth of this land.

Although we have made a number of changes in the social-security law since that time I believe that the Congress has a right to be proud of the humanitarian motives and basic decisions made 15 years ago in the Social Security Act. Today we are considering amendments to the social-security law as a result of nearly 18 months of careful deliberation in the Congress. I believe that the changes which have been incorporated in the conference report before us today make a tremendous improvement in our social-security system. Perhaps these improvements do not go nearly as far as some people would like them to go perhapes in some respects they go farther than other people would like them to go.

Undoubtedly experience will show the need for making further changes in the law as time goes on. Those of us who have been in Congress a long period of time know that all legislation is a matter of compromise between different points of view.

I had hoped that we could make future improvements in the insurance program so that we might have been able to reduce the amount of Federal grants to the States for assistance purposes. I supported the provisions in the bill, as passed by the House, for paying insurance benefits for the worker once and totally disabled in the hope that by such a provision we could help to reduce the number of persons on the assistance rolls. These and other related matters will continue to be studied by our committee in the hope that we can make the insurance program as effective as possible, and also reduce the mounting cost of public assistance.

The conference report deals primarily with four main programs as follows:

First. The Federal old-age and survivors insurance program.

Second. Federal grants to the States for public assistance to needy persons.
Third. Federal grants to the States for maternal and child health, crippled children, and child welfare service; and
Fourth. The Federal provisions relating to State unemployment insurance systems.

PENSION OLD-AGE AND SURVIVORS INSURANCE

With respect to Federal old-age and survivors insurance the conference report extends coverage to about 10,000,000 additional persons. Included in this group are nearly 5,000,000 self-employed persons, one and one-half million domestic employees of State and local governments not covered under any retirement plan; 600,000 persons in nonprofit organizations; 400,000 persons employed in Puerto Rico and the Virgin Islands; and about 200,000 Federal civilian employees not covered under the retirement system. The conference report therefore takes a long step toward the goal of universal coverage under the insurance system of all persons who work for a living.

Benefits are liberalized very substantially in the conference report. For those persons who have already retired and for widows and orphans already on the rolls the average increase in benefits will be about 1½ percent. For future beneficiaries the increase in benefits will be more than doubled. The conference report therefore is a major contribution toward making the benefits of the insurance program more adequate.

The conference report greatly liberalized the eligibility for insurance benefits so that many persons now 65 or over will be able to receive retirement benefits immediately, and many persons close to 65 will be eligible to receive insurance benefits much more quickly.

The conference report provides for the payment of a one-time lump-sum benefit to the surviving children of married women. Benefits for dependent husbands of deceased or retired women workers are added to the law, and also receive full benefits at age 75. The conference report also provides that a beneficiary may earn $4,000 per year and still receive all benefits with full earnings being credited.

The conference report also makes a number of amendments to the existing law to change the current beneficiaries a few points on the rolls of the benefit increases for persons now on the rolls. The conference report also makes a number of amendments to the existing law to change the current beneficiaries a few points on the rolls. The conference report also makes a number of amendments to the existing law to change the current beneficiaries a few points on the rolls.

UNEMPLOYMENT INSURANCE

The conference report extends the provisions for making loans to State unemployment insurance agencies for the years 1950 and 1951. The report also adopts the so-called Knowland amendment, which is a States'-rights amendment adopted by the State administrators of unemployment compensation to meet the threat of premature interference by the Secretary of Labor in regard to the conformity of provisions of State laws with Federal standards and substantial compliance by States with such provisions. This amendment will prevent the Secretary of Labor from holding a State out of compliance with Federal standards in State law unless and until the application or interpretation complained of has been passed on by the highest State court having jurisdiction.

SUMMARY OF PRINCIPAL PROVISIONS OF H. R. 6000, THE SOCIAL SECURITY ACT AMENDMENTS OF 1950, AS AGREED TO BY THE JOINT CONFERENCE COMMITTEE

The conference committee has completed action on H. R. 6000 and has announced agreement on 28 major points of difference between the two bills.

Federal old-age and survivors insurance
There were 16 major points in the insurance program. The decisions reached on these questions are as follows:

1. Elimination of the House provision for permanent and total disability insurance.
2. Elimination of the House provision for increment for years of contributions to the insurance program.
3. Elimination of the House provision specifically including tips in covered wages.
4. Coverage of some salaried home workers, certain kinds of agent-drivers, and certain other groups as employees (compromise between Senate and House).
5. Extension of State and local governmental employees covered under retirement plans from obtaining coverage under voluntary plans.
6. Exclusion of naturopaths, architects, full-time practicing public accountants, funeral directors, and all professional engineers from coverage as employees (compromise between Senate and House).
7. Increase in the second step in the benefit formula from 10 percent to 15 percent (Senate provision).
8. Substantial increase in benefits for current beneficiaries averaging 7½ percent.
9. Liberalization of the eligibility provisions so as to make it easier for persons to become insured for benefits during the next decade (Senate provision).
$3,500,000 to $10,000,000 (compromise between the George loan fund for State unemployment insurance and arrangements in the State and local governments, in accordance with child-care programs and Old-age and Survivors Insurance (Title II))

Coverage

Under the House bill, compulsory coverage would have been extended to about 7,000,000 persons and voluntary coverage would have been available for about 4,000,000 State and local government employees. The conference committee's decisions, like the Senate bill, would extend compulsory coverage to about 7,500,000 persons, but voluntary coverage would be available only for about 2,000,000 employees of State and local governments and nonprofit organizations.

Table 1 shows the number of persons covered in the new groups.

The specific decisions on coverage are as follows:

A. Self-employed: The conference committee agreed to cover approximately 4,750,000 self-employed persons whose annual net income was at least $400, except for farmers, physicians, lawyers, dentists, osteopaths, chiropractors, optometrists, pharmacists, registered nurses, dieticians, professional engineers, veterinarians, architects, funeral directors, and certified, registered, licensed, and full-time practicing public accountants. The provision is the same as the provision of the House bill except that (a) publishers would be covered, and (b) optometrists, architects, accountants, funeral directors, and all professional engineers would be excluded.

Table 1.—Extension of coverage under the conference committee's decisions

<table>
<thead>
<tr>
<th>Category</th>
<th>Number covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonfarm self-employed</td>
<td>4,700,000</td>
</tr>
<tr>
<td>Agricultural workers</td>
<td>850,000</td>
</tr>
<tr>
<td>Border-line employment on farms</td>
<td>(650,000)</td>
</tr>
<tr>
<td>Border-line employment on farms</td>
<td>(650,000)</td>
</tr>
<tr>
<td>Domestic workers</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Employees of nonprofit organizations</td>
<td>600,000</td>
</tr>
<tr>
<td>Employees of State and local government employees</td>
<td>1,450,000</td>
</tr>
<tr>
<td>Employees outside the United States</td>
<td>200,000</td>
</tr>
<tr>
<td>Employment in Puerto Rico</td>
<td>400,000</td>
</tr>
<tr>
<td>Employment in the Virgin Islands</td>
<td>(400,000)</td>
</tr>
<tr>
<td>New definition of &quot;employee&quot;</td>
<td>350,000</td>
</tr>
</tbody>
</table>

Total under compulsory coverage | 2,050,000 |
Total under voluntary coverage | 7,650,000 |

Grand total | 9,700,000 |

1 Excluding a relatively small number of transit workers who would be compulsorily covered.

Note.—Figures in parentheses are subtotal figures.

B. Agricultural workers: Both the Senate and House had voted to cover border-line agricultural labor, such as processing workers. In addition, the conference committee agreed to cover, under the House bill, any employee working for the transit system on the day when the agreement is made applicable to the governmental unit which employs them (unless the retirement plan already contains a provision making it supplementary to old-age and survivors insurance). Under the House bill, employees under a retirement system could have been covered if they elected coverage by a two-thirds vote in a written referendum.

The conference committee also agreed to extend compulsory coverage to employees of transit systems of State and local governments after 1936 unless they are covered by a general retirement system which is protected by the State constitution. The Senate bill would have covered all such employees. Under the House bill, transit employees working for the transit system on the day when the agreement is made applicable would be covered voluntarily if the system was taken over after 1936 and before 1950, or compulsorily if the system was taken over after 1949.

F. Tips: The conference committee accepted the Senate provision, that tips would be included in the amount reported in writing to the employer by the employee.
G. Definition of employee: The conference committee agreed to define an employee as "any individual who, under the usual common law rules applicable in determining the employee status, has the status of an employee, and also covered as employees (1) full-time life insurance salesmen, (2) agents engaged in the business of selling commission on the sale of any article, (3) retail travelers or city salesmen (other than house-to-house salesmen) taking orders from retailers, and business with wages, or contractors, and (4) industrial home workers who earn at least $50 in a calendar quarter if they are subject to law and work in accordance with specifications prescribed by the employer.

This provision is a compromise between the Senate and House bills. The Senate bill would not have covered home workers or agent-drivers distributing vegetables or fruit products, beverages (other than milk) or laundry or dry-cleaning services, and also covered as employees (1) full-time life insurance salesmen, (2) agent-drivers or contractors, and (4) industrial home workers who earn at least $50 in a calendar quarter if they are subject to law and work in accordance with specifications prescribed by the employer.

The committee agreed to cover employees of the United States Government or wholly owned corporations of the United States who are not covered under any Federal retirement system. This results in covering most short-term Federal employees, including those on temporary appointment pending final determination of eligibility for permanent or indefinite appointment. In addition, employees of the following instrumentalities of the Federal Government would be covered: national farm loan associations; production credit associations; Federal credit unions; the Tennessee Valley Authority (if not under the TVA retirement system); post exchanges and similar activities under the National Defense Establishment; State, county, and community committees under the Production and Marketing Administration, and certain employees of the Federal Reserve System.

I. Effective date: The conference committee agreed that the effective date for coverage changes would be January 1, 1951.

II. Benefit amounts

A. Current beneficiaries: The conference committee agreed that the current beneficiaries receiving benefits would have their benefits increased on the average by about 75 percent (or midway between the 50 percent agreed to in the Senate and the 100 percent under the House bill). Increases would range from about 50 percent for highest benefit groups to about 100 percent for low-benefit groups. The average primary benefit of approximately $20 per month for a retired insured worker would be increased to about $40. Table 2 shows the increased amounts which would be payable.

<table>
<thead>
<tr>
<th>New primary insurance benefit</th>
<th>New primary</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>10</td>
<td>0.00</td>
</tr>
<tr>
<td>$15</td>
<td>15</td>
<td>0.00</td>
</tr>
<tr>
<td>$20</td>
<td>20</td>
<td>30.00</td>
</tr>
<tr>
<td>$25</td>
<td>25</td>
<td>37.00</td>
</tr>
<tr>
<td>$30</td>
<td>30</td>
<td>44.00</td>
</tr>
<tr>
<td>$35</td>
<td>35</td>
<td>51.00</td>
</tr>
<tr>
<td>$40</td>
<td>40</td>
<td>58.00</td>
</tr>
<tr>
<td>$45</td>
<td>45</td>
<td>65.00</td>
</tr>
</tbody>
</table>

B. Future beneficiaries: The conference committee accepted the Senate provision providing for a formula for determining the per worker in the future, which would be applicable to those who have at least six quarters of coverage after 1950. The new formula is 50 percent of the first $100 of average monthly wage, plus 15 percent of the next $200 (based on a maximum wage base of $3,600 per year), with no increase in benefits for years of coverage. The House bill would have covered only 10 percent of the wages above $100 but would have included a one-half-percent increase in the benefit for each year of coverage. However, benefits for those not covered as employees would have been reduced by a so-called continuation factor.

Under the conference committee's action the present minimum primary benefit of $10 is increased to $35, except that for those average wages under $35 per month the minimum might be as low as $20. Under the House bill the minimum for all cases would have been $10. Under the House and Senate bills, the present maximum family benefit of $85 is increased by the conference committee to $150 (but not more than 80 percent of the average monthly wage).

Under the conference action, as under the Senate bill, average benefit amounts in the next decade will be about 10 percent higher than under existing law, whereas under the House bill benefits would have been about 100 percent higher.

Table 3 compares the benefits payable under the House bill and under the conference committee action (which is the same as the Senate bill).

<table>
<thead>
<tr>
<th>Average monthly wage</th>
<th>House bill</th>
<th>Commitment to action</th>
<th>Increase or decrease from House bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$15.30</td>
<td>$20.00</td>
<td>$4.70</td>
</tr>
<tr>
<td>$200</td>
<td>46.40</td>
<td>50.00</td>
<td>3.60</td>
</tr>
<tr>
<td>$300</td>
<td>71.00</td>
<td>80.00</td>
<td>9.00</td>
</tr>
</tbody>
</table>

30 YEARS OF COVERAGE

| $100                 | $77.00     | 75.00                | $2.00                               |
| $200                 | 92.30      | 97.00                | 4.70                                |
| $300                 | 107.20     | 110.00               | 2.80                                |
| $400                 | 122.70     | 125.00               | 2.30                                |
| $500                 | 138.10     | 140.00               | 1.90                                |

IV. Benefit categories

A. Dependents of women workers: The conference committee agreed to the provision of the Senate bill under which benefits are payable in the form of monthly payments to the survivors of married women, and benefits for dependent husbands of deceased or retired women workers are added. If a woman has 6 quarters of coverage out of the 12-quarter period ending with the quarter of her death, her children will be eligible for monthly survivor benefits even though living with their father. Under existing law and the House bill such children would be ineligible for benefits.

B. Wives of retired workers: The committee accepted the Senate provision under which a wife under 65 may draw benefits if she has a child in her care. Under the Senate bill, as under existing law, benefits would not be payable to a wife unless she attains age 65.

C. Dependent parents: The committee accepted the House provision increasing the benefit for a dependent parent to 75 percent of the primary benefit. Under the Senate bill, the benefit for a dependent parent would have been retained at 50 percent of the primary benefit, as in present law.

D. Lump-sum payments: The committee accepted the provision in the House bill under which the lump-sum payment would be made at the death of every insured worker. Under the Senate bill, as in present law, the lump sum would be paid only when no survivor was immediately eligible for monthly payments.

V. Permanent and total disability insurance

Under the committee action, as under the Senate bill, no benefits would be pro-
vided for this category, whereas under the House bill such benefits would be provided.

VII. Limitation on earnings of beneficiaries

Both the Senate and House had provided for granting World War II veterans wage credits of $150 per month for time spent in service. However, the Senate had made two changes in the House provisions. First, the Senate bill provided that the additional cost of the benefits arising from the wage credits would not be provided if the period of service is credited toward any other Federal retirement benefits. Second, the Senate bill provided that the additional cost of the benefits arising from the wage credits would be split by those covered worker's employers to the extent fund, rather than from the General Treasury. Both of these provisions were accepted by the conference committee.

VIII. Effective date

The conference committee agreed on the following effective dates:
1. As previously indicated, the effective date for the present coverage provisions would be January 1, 1951.
2. The benefits increase for persons now on the benefit rolls would be effective for the month of September 1950.
3. Benefits based on the new benefit formula would first be paid in May 1951. Persons on the benefit rolls before that time will have their benefits computed under the present formula with the increases provided for those now receiving benefits.

IX. Financing of old-age and survivors insurance

A. Taxable wage base: Both the Senate and the House had approved provisions increasing to $3,500 the limit on total annual earnings on which benefits would be computed and contributions paid. Therefore the conference committee did not accept any action by the conference committee. The present law provides a limit of $3,000.

B. Contribution schedule: Under the conference committee's action, the self-employed would pay one and one-half times the contributions of covered workers and their employers to the extent fund, rather than from the General Treasury.

The self-employed would pay one and one-half times the contributions of covered workers and their employers before the time will have their benefits computed under the present formula with the increases provided for those now receiving benefits.

The conference committee did not accept the provisions of the House bill which would have increased the Federal share of public assistance expenditures by providing a higher Federal share of Federal funds as a percentage of the cost of the program.

The conference committee did not accept any action by the conference committee to provide a higher Federal share of public assistance payments. The conference committee did not accept any action by the conference committee to make direct payments to anyone providing recipients with remedial care as authorized under State law. The conference committee accepted these amendments. Under existing law the Federal Government does not participate in the cost of medical care unless payment for such care is made to the recipient.

VII. Medical institutions

The conference committee agreed to increase substantially (though to a somewhat smaller extent than provided for in the House bill) the Federal grants to States for the services programs provided for in Title V of the Social Security Act.

I. Child welfare services (part 3 of Title V)

The Senate had concurred in the provisions of the House bill under which the Federal Government would share the costs of care to needy aged and blind persons in public medical institutions, so no action by the conference committee was required on this point. Existing law limits Federal participation to residents of private institutions.

MATERNAL AND CHILD HEALTH, CRIPPLED CHILDREN, AND CHILD WELFARE

The conference committee agreed to increase substantially (though to a somewhat smaller extent than provided for in the House bill) the Federal grants to States for the services programs provided for in Title V of the Social Security Act.

I. Child welfare services (part 3 of Title V)

The conference committee agreed to increase the authorization for Federal grants for services for crippled children from the $11,000,000 per year in existing law to $16,000,000 ($15,000,000 in the present fiscal year) to $20,000,000 in the Senate bill.

I. Services for crippled children (part 2 of Title V)

The conference committee agreed to increase the authorization for Federal grants for services for crippled children from the $11,000,000 per year in existing law to $15,000,000, as in the Senate bill (but only $12,000,000 in the current fiscal year).

Table 5 compares the provisions in the present law, the House bill, the Senate bill, and the conference committee's action:

<table>
<thead>
<tr>
<th>Provision in Title V</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
<th>Committee action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternal and child health services</td>
<td>$11.0</td>
<td>No change</td>
<td>$20.0</td>
<td>$15.5</td>
</tr>
<tr>
<td>Crippled children</td>
<td>7.5</td>
<td>No change</td>
<td>12.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Child welfare services</td>
<td>3.5</td>
<td>$7.0</td>
<td>12.0</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22.0</strong></td>
<td><strong>39.5</strong></td>
<td><strong>46.0</strong></td>
<td><strong>45.5</strong></td>
</tr>
</tbody>
</table>

**$15,000,000 in current fiscal year.**

**$12,000,000 in current fiscal year.**

**Osteopaths**

The conference committee accepted the Senate provision which amends section 1101 of the Social Security Act by adding a definition of the terms "osteopath," "osteopathic," and "hospitalization." These terms are defined to include osteopathic practitioners and the services of osteopathic practitioners and hospitals within the scope of their practice as defined by State law.
The effect of this definition is to leave the States free to utilize the services of the osteopathic profession and its institutions.

Costs of changes in public assistance and service payments

Under the House bill the additional cost to the Federal Government for public assistance and child-welfare services above existing law is estimated to be between $450,000,000 and $500,000,000 annually. Under the Senate bill this additional cost would have been reduced to about $125,000,000, of which $85,000,000 would have been for the service payments for children under title V and practically all of the balance for assistance payments to dependent children under title IV. Under the conference committee's action the additional cost will be about $180,000,000 to $200,000,000 annually.

Unemployment insurance (title XII)

A. The conference committee accepted the Senate provision for reestablishment and continuation of the George loan fund, which permits advances to State unemployment insurance funds which might run low. The loan fund is continued for the 2 years 1950 and 1951 by amending the provisions of title IX of the Social Security Act.

B. The conference committee accepted the Senate provision for review by State courts of administrative actions of State agencies prior to a ruling in certain cases by the Secretary of Labor on conformity questions under the Federal unemployment insurance law.

Mr. MCCORMACK. I understand from the conferees that the Knowland amendment was to be very broadly construed by the Secretary of Labor; is that correct?

Mr. DOUGHTON. I should say, rather, that the Knowland amendment should be fairly and reasonably construed by all interested parties. It is a controversy that is very serious. I think there is more mess and feathers about it than anything else. It provides that the question of compliance with State law shall not be determined by the Secretary of Labor until passed upon by the State courts. In the light of State's rights amendment, pure and simple.

Mr. REED of New York. Mr. Speaker, I yield 6½ minutes to the gentleman from Michigan (Mr. Woolsey).

Mr. WOOLSEY. Mr. Speaker, the time being so short, I will discuss briefly only two items, the coverage provisions.

Mr. Speaker, the long-awaited H. R. 6000 was passed by the House on October 5, 1949, and an amended version was passed by the Senate on June 20, 1950. It is of paramount importance that the conference report on this legislation be adopted by the House so that the meager conference report with which he may not agree. But viewed as a whole, the over-all product is most satisfactory.

The following are the main old-age and survivors insurance provisions of H. R. 6000 as agreed to by the conferees:

First. Extension of coverage to all gainful employment, except railroad, construction, domestic service, casual agricultural service, farmers, certain professional self-employed persons, service in the Armed Forces, and Federal, State, and local government service covered by a retirement system—except for a few instances. State and local government employees not under a retirement system are covered on a voluntary basis, but all such employees already covered under their own retirement systems will continue to receive benefits. Employees of nonprofit organizations are covered if two-thirds elect so and the employer agrees to coverage. The net effect is to increase the number of covered jobs by about 30 percent.

Second. Maximum annual wage base of $3,300. Requirement for quarter of coverage is $50 for wages and $100 for self-employment income.

Third. Average monthly wage determined over all years after 1936, or after 1950—if having six quarters of coverage since then—whichever yields the larger benefit.

Fourth. Monthly primary benefit based on one-fifth of the first $100 of average monthly wage—determined from wages after 1950 plus 15 percent of the next $200. Minimum monthly primary benefit of $55, unless average wage is less than $100. The average monthly wage of $30 or less. Maximum family benefits of $150, or 80 percent of average wage, if less. Beneficiaries on the roll are to be given an annual increase—such as 11/2 percent per year, to reach 771/2 percent by means of a conversion table—which is also included in the table, showing the increased benefits which a person may expect to receive in the future, on the basis of average wage after 1936, if more favorable.

Fifth. Lump-sum death payment to be three times the monthly primary benefit and payable for all insured deaths.

Sixth. Disability insurance introduced for insured status, permitting many more to be eligible immediately.

Seventh. Benefits for parents and youngest survivor child increased to 75 percent of primary benefit.

Eighth. Work clause of $50 per month on an all-or-none basis for wages and on a reduction basis for self-employment income in excess of $600 per year. Work clause not applicable after 75 years of age.

Ninth. Child-survivor benefits in respect to married women workers liberalized. Dependent husband's and widow's benefits added.

Tenth. Wage credits of $160 for each month of military service given to World War II veterans—including those who died in service. The cost of veterans' benefits to be met from trust fund.

Eleventh. The retention of the common-law rule for determining employee-employer relationships with specific groups added as employees.

Twelfth. Federal grants in aid made available to the States for needy permanently and totally disabled individuals not covered under the Federal Old-age and survivors insurance program will be increased, additional groups will be included for Federal matching purposes within individual maximums of $27 per month.

Sixteenth. Increase in the annual authorization for maternal and child-health services, child-welfare services and services for crippled children.

Seventeenth. The contribution rate on employer and employee is 1/2 percent each in 1950-53, 2 percent in 1954-58, 2 1/2 percent in 1960-64, 3 percent in 1965-69, and 3 1/2 percent thereafter.

Contribution rate for self-employed is 1/2 times the employee rate.

I think the question which is most frequently asked is the extent to which benefits payments will be increased for those persons now receiving them and the amount of benefits which a person may expect to receive in the future.
Under the House bill, the minimum primary insurance amount was $25. The Senate amendment provided for a minimum primary insurance amount of $25 in those cases in which the average monthly wage was $34 or more, and of $20 where the average monthly wage was less than $34. The conference agreement provides for a minimum primary insurance amount of $25.

If the average monthly wage is $30 or less, the primary insurance amount will be $20.

If the average monthly wage is $31, the primary insurance amount will be $21.

If the average monthly wage is $32, the primary insurance amount will be $22.

If the average monthly wage is $33, the primary insurance amount will be $23.

If the average monthly wage is $34, the primary insurance amount will be $24.

If the average monthly wage is $35 to $49, the primary insurance amount will be $25.

In the future, the wage base used for determining benefits will be $3,600 instead of $3,000 as under existing law. The percentage formula applied against the average monthly wage used in determining the benefits is raised to 50 percent of the first $100 of the average monthly wage plus 15 percent of the next $200 of such wage.

Under existing law the average monthly wage is obtained by dividing the individual's total taxable wages by his average wage, which would otherwise result. This results from the fact that a worker, who has been in employment which was not covered under the system, would have his wages from the newly covered employment averaged over all the months elapsed since 1936 or since he reached the age of 22, if later. His average wage would, therefore, be considerably lower and would result in low benefit payments. Under the new start provision, contained in the conference agreement, any person, aged 62 or over on the effective date of the bill, would be fully insured for benefits at 65 if he had at least 6 quarters of coverage acquired at any time. Persons aged 61 would need 8 quarters of coverage; those aged 60, 10 quarters of coverage; those aged 59, 12 quarters; those aged 58, 14 quarters, and so on down the line, with the maximum requirement for fully insured status never exceeding the 40-quarter provision under existing law. As a result of the new start provision, approximately 500,000 additional persons will become immediately eligible for benefits, thereby greatly reducing the public assistance rolls and strengthening the entire insurance system. The following are some illustrations of the amount of primary benefits which individuals would receive under varying periods of covered employment:

1. Illustrative primary benefits for 10 years of coverage, no period of noncoverage

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>55</td>
<td>$30.00</td>
</tr>
<tr>
<td>$150</td>
<td>60</td>
<td>57.50</td>
</tr>
<tr>
<td>$200</td>
<td>65</td>
<td>60.00</td>
</tr>
<tr>
<td>$250</td>
<td>70</td>
<td>72.50</td>
</tr>
<tr>
<td>$300</td>
<td>75</td>
<td>80.00</td>
</tr>
</tbody>
</table>

2. Illustrative primary benefits for 40 years of coverage, no periods of noncoverage

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>55.50</td>
<td>$30.50</td>
</tr>
<tr>
<td>$150</td>
<td>61.00</td>
<td>58.00</td>
</tr>
<tr>
<td>$200</td>
<td>66.50</td>
<td>60.00</td>
</tr>
<tr>
<td>$250</td>
<td>72.00</td>
<td>72.50</td>
</tr>
<tr>
<td>$300</td>
<td>77.50</td>
<td>80.00</td>
</tr>
</tbody>
</table>

3. Illustrative primary benefits for 5 years of coverage, 5 years of noncoverage, all after 1950

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>55.00</td>
<td>$30.00</td>
</tr>
<tr>
<td>$150</td>
<td>60.00</td>
<td>57.50</td>
</tr>
<tr>
<td>$200</td>
<td>65.00</td>
<td>60.00</td>
</tr>
<tr>
<td>$250</td>
<td>70.00</td>
<td>72.50</td>
</tr>
<tr>
<td>$300</td>
<td>75.00</td>
<td>80.00</td>
</tr>
</tbody>
</table>

4. Illustrative primary benefits for 20 years of coverage, 20 years of noncoverage, all after 1950

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>55.00</td>
<td>$30.00</td>
</tr>
<tr>
<td>$150</td>
<td>60.00</td>
<td>57.50</td>
</tr>
<tr>
<td>$200</td>
<td>65.00</td>
<td>60.00</td>
</tr>
<tr>
<td>$250</td>
<td>70.00</td>
<td>72.50</td>
</tr>
<tr>
<td>$300</td>
<td>75.00</td>
<td>80.00</td>
</tr>
</tbody>
</table>

5. Illustrative primary benefits for 19 years of coverage, 20 years of noncoverage, all after 1950

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>55.00</td>
<td>$30.00</td>
</tr>
<tr>
<td>$150</td>
<td>60.00</td>
<td>57.50</td>
</tr>
<tr>
<td>$200</td>
<td>65.00</td>
<td>60.00</td>
</tr>
<tr>
<td>$250</td>
<td>70.00</td>
<td>72.50</td>
</tr>
</tbody>
</table>

The other changes in the benefits paid to a worker's dependents or survivors are as follows:

(a) Farm workers were not covered in the House bill, but the Senate extended coverage to this group, provided the farm worker was employed by a single employer for at least 60 days in a calendar quarter and earned cash wages of at least $50 for services in the quarter. The House conferees agreed to the coverage of this additional group with a restrictive amendment providing for a prior 3-month period of continuous employment with the same employer.

The conference report provides, therefore, for the coverage of farm workers under the social-security system if the worker is employed continuously for 3 months by one employer and earns 60 full days and earns at least $50 in wages in the calendar quarters immediately following the 3 months of continuous employment for the same employer.
The conference agreement conforms with the Senate action in extending coverage in this area.

(d) Employees of nonprofit organizations: The conference agreement differs from both the House bill and the Senate amendment. The conference agreement conforms to the Senate amendment in that the conference agreement service performed in the employ of an organization exempt from income tax under section 101 (b) is excluded from employment, unless the organization is required to file a certificate, both the employer and the employees are subject to the social-security taxes imposed by the Federal Insurance Contributions Act. If it does not file such a certificate, neither the organization nor its employees are subject to the social-security taxes.

The certificate filed by the organization must certify that at least two-thirds of its employees, on and after the filing of the certificate, and the certificate must be accompanied by a list containing the signature, address, and social-security account numbers of each employee who concurs in the filing of the certificate. Such list may be amended at any time prior to the expiration of the first month following the first calendar quarter for which the certificate is filed. When the certificate is filed, the employees who have concurred in the filing of such certificate will be covered under the disability program.

If an employee who is hired on after such first day will be covered on a compulsory basis. An individual, who on such first day was in the employ of the organization, should leave his position and thereafter reenter the employ of such organization, such employee will be covered on and after the date of such reentry, whether or not he be concurred in the filing of the certificate when he was previously in the employ of the organization.

The conference report further provides that the period for which the certificate is effective may be terminated by the organization upon giving 2 years' advance notice in writing of its desire to terminate the effect of the certificate at the end of a calendar quarter, but only if the certificate has been in effect for a period of less than 8 years at the time of the receipt of the notice of termination.

Disability Benefits

The emotional appeal for broadening the old-age and survivors program to include benefits to permanently and totally disabled persons is strong, but the problem is too important to permit emotionalism to be our guide, and I believe that it would be contrary to the public interest to make any final study of the problem except in a manner predetermined by the work of a conference committee.

In my opinion, the fundamental object of any disability program should be in the field of rehabilitation. We are just beginning to realize the great proportion of people who are considered to be totally disabled, and thus be brought back into productive activity through rehabilitation programs. I am proud to say that Michigan is one of the progressive and far-seeing States that for many years has had a remarkable program in bringing back to usefulness and happiness many former hopeless citizens of that State. The House bill not only contained no rehabilitation program, but its enactment would be a step away from rehabilitation and toward the actual encouragement of permanent and total disability cases. By providing benefits as a matter of right and without even any attempt by persons receiving disability payments from reentering the labor force.

Under the present old-age and survivors insurance program benefits are payable under fixed conditions and to a great extent beyond the control of the individual interested. The present methods are administrative and not a vast program of Federal paternalism, based on arbitrary requirements unrelated to the problem of disability. The whole emphasis was away from rehabilitation and toward the actual encouragement of permanent and total disability cases. By providing benefits as a matter of right and without even any attempt by persons receiving disability payments from reentering the labor force.

The emotional appeal for broadening the old-age and survivors insurance program to include benefits to permanently and totally disabled persons is strong, but the problem is too important to permit emotionalism to be our guide, and I believe that it would be contrary to the public interest to make any final study of the problem. The conference committee should consider only the vague recommendations of the Social Security Administration.

The whole field of loss of earnings from disability is one which should be carefully studied and explored, and it should be the subject of a proper hearing. Under the present provisions of the law the conference bill should not be undertaken. Constructive rehabilitation, and not a vast program of Federal paternalism, based on arbitrary requirements unrelated to the problem of disability, should be the subject of the hearings.

Unemployment Compensation

Seldom, if ever, has adroit bureaucratic husbandry produced such a ragged lion from a mild-mannered mouse, as has happened in the case of the so-called Knowland amendment. Using fantastic propaganda, charges available to them, opponents of this item have endeavored—and with considerable success, judging from the remarks we have heard here—to completely disfigure the situation. They have given it a significance completely out of perspective with the fundamental and important provisions of the measure we are here considering.

I am charged that the adoption of this amendment will completely nullify the power of the Secretary of Labor over the performances of unemployment compensation agencies with the consequence that the State officials in that respect and other States represented here will immediately indulge in an orgy of striking and the promotion of "yellow dog" contracts through the withholding of unemployment compensation benefits to those unjustly entitled.

Mr. Speaker, these charges are absolutely without foundation. I refer you to the conference report before a proper interpretation. On page 122 it is stated that the "officials of the National Labor Relations Board have been called to the attention of the Secretary of Labor, under section 206 of the National Labor Relations Act, to the fact that unemployment compensation laws must contain?"
At this time, when the full attention of the country is being given by two of those who have been earnestly bent during this crisis in producing this lion from an inconsequential mouse.

Mr. Speaker, I most sincerely hope the House will approve the conference report as submitted.

Mr. DOUGHTON. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. LYNCH].

Mr. LYNCH. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] may be permitted to extend his remarks at the conclusion of the remarks I am about to make.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. LYNCH. About 3 or 4 years.

Mr. McCORMACK. From Michigan.

Mr. WOODRUFF from Michigan [Mr. WOODRUFF] a motion ago said it would only delay the amendment on the power of the Secretary of Labor to find whether a State is adhering to Federal requirements in their unemployment insurance laws. Special restrictions are placed in the amendment on the power of the Secretary of Labor to find whether a State is conforming with the requirements of the Federal Unemployment Tax Act. These requirements were imposed by Congress to make sure that unemployment insurance would not be used as a strike-breaking weapon or as a means of forcing a worker to sign a yellow-dog contract or as a means of forcing sweat-shop wages, hours, and working conditions upon the worker.

The present law provides that a State cannot deny unemployment compensation to an otherwise eligible worker for refusing new work under any of the following conditions—and I quote:

(A) If the position offered is vacant due directly to a strike, lockout, or other labor dispute; (B) if the wages, hours, or other conditions of employment are substantially less favorable to the individual than those prevailing for similar work in the locality; (C) if as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization.

When workers become unemployed and file claims for unemployment compensation, they are also required to register for work at their local public employment office, and make such other searches for work as the agency may require. If they are reasonably expected to accept work, they are also required to accept such work. If they refuse such work, they are denied compensation. However, the unemployed worker can turn down the job if any of the conditions exist which are enumerated in the Federal requirement just quoted: that is, if he would have to work under the conditions because of a labor dispute, if he could not belong to a bona fide union and would have to sign a yellow-dog contract, or if the wages, hours, or working conditions were being violated by subterfuge, when they would not dare come out and directly ask that this provision be repealed. These enemies of decent labor standards also know that they can no longer get away with forcing workers who have jobs to be scabs or sign "yellow-dog contracts" or accept sweat-shop conditions. So they aim to hit workers below the belt when they are unemployed and hoping to maintain their hard-earned gains—when they are unemployed. Through the Knowland amendment, they are seeking to nullify the ability of the Federal Government to keep the State unemployment insurance agencies from forcing unemployed workers to take jobs under these conditions under the threat that they will otherwise lose their unemployment benefits. Knowing that they cannot force Congress to break down these labor standards, they are hoping to leave free to throw their weight around on the State agencies and break down these standards.

The Knowland amendment specifically prohibits the Secretary of Labor from raising any conformity question on standards required under the Federal Unemployment Compensation laws, and it prohibits the Secretary from denying unemployment insurance benefits in cases requiring that the benefits be funded.

In my address before the House on August 9 under a special order I discussed the provision of the Federal law providing for total and permanent disability insurance and their acceptance of the Knowland provision in the Senate amendment made it impossible for me, in good conscience, to sign the report.

In my address before the House on August 9 under a special order I discussed total and permanent disability insurance benefits. That in turn made it impossible for me to sign the report.

I took the liberty of sending each Member of the House, under date of August 8, a letter outlining my objections to the Knowland amendment, and I desire to call your attention that the Knowland amendment was never considered by the Committee on Ways and Means; that it was rejected by the Senate Finance Committee and was finally put into the bill by an amendment on the floor of the other legislative body. It is the only provision, with but one minor exception, in this social-security bill that has to do with unemployment compensation. To my mind it has no place in this bill. It should be noted that of the scant 10 minutes of debate upon the floor of the other body, 71/2 of them were taken up by proponents of the bill and only 21/2 minutes in opposition on a piece of legislation that vitally affects the whole unemployment insurance program.

The author of this amendment has said that—

"It is very limited and the changes it makes in existing law are more of a clarifying and benevolent nature.

Actively this amendment basically affects the Federal-State relationship in the unemployment insurance program. It is a real threat to the rights which labor has gained over the years through collective bargaining and progressive legislation. This threat is buried under technical legal language revising the procedure under which the Secretary of Labor is to determine whether the States are meeting the Federal requirements in their unemployment insurance laws. Special restrictions are placed in the amendment on the power of the Secretary of Labor to find whether a State is conforming with the requirements of the Federal Unemployment Tax Act. These requirements were imposed by Congress to make sure that unemployment insurance would not be used as a strike-breaking weapon or as a means of forcing a worker to sign a yellow-dog contract or as a means of forcing sweat-shop wages, hours, and working conditions upon the worker.

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By these provisions, we have on the one hand a witness who is being employed here, fanning the flames to produce this beast from an inconsequential mouse.

I yield 8 minutes to the gentleman from New York [Mr. LYNCH].
of labor to require that the States meet the Federal standards. The amendment would prohibit the Secretary of Labor from raising any question as to whether the State laws complying with the so-called labor standards required in State laws until an interpretation had gone through all the administrative appeals and court review procedures of the State law. If any claimant, due to a lack of understanding of their rights had failed to appeal decisions or the time for review had expired, then no appeal could be taken. If any interpretation by an administrative appeals tribunal or a lower court contrary to Federal standards had become final and was being generally applied, nothing could be done. In the meantime, hundreds or thousands of claims could be denied. This would particularly hurt the unorganized unemployed man, who has neither the knowledges nor the resources to fight his case through the courts. The amendment provides that the State may pay the litigation costs for the claimant, but it does not say that the State shall do so. Who is so naive as to believe that an unemployed worker aggrieved by an unjust and unfair decision of a State agency is going to hire a lawyer, appeal the decision through whatever appeal procedure the agency provides and then, in addition, start an action in the State court and pursue his case to the highest court, until his every legal remedy has been exhausted? Where would he get the money? What would he be doing meanwhile? Who would pay his lawyer and who would pay the costs of the appeal? There is no requirement that the State must pay and there is certainly no power in the Federal Government to direct the State to make an appropriation for the local fees incurred.

Mr. Speaker, by the time he got a final decision he probably would not only be entitled to his unemployment compensation benefits, but in all likelihood he would have reached the age when he would receive his old-age and survivors insurance.

It is the enforcement of these labor standards that the proponents of the Knowland amendment are particularly aiming at. These standards protect an unemployed claimant from having to accept new work on penalty of otherwise losing his benefit. If the job is on strike work, then the pay, hours, or other conditions of work are substantially below those prevailing in the community, or when he would have to sign a yellow-dog contract as a condition of getting the job.

Thus it is clearly evident what caused this amendment to be cooked up. On the west coast, employers got two State agencies to rule that when a strike was called, all members of the union that called the strike were disqualified from drawing unemployment compensation, whether or not they were involved in the strike or were even unemployed and drawing unemployment compensation when the strike was over. The amendment was adopted by Congress in the Federal Social Security Act.

There has been said that this is stopgap legislation. It is nothing of the kind. It has no termination date or cut-off time. It is permanent legislation—so permanent that it will remain on the statute books until some future Congress shall have repealed it. The fact that, in view of the provisions of the Ways and Means Committee will shortly study the whole question of unemployment compensation insurance is beside the point. The House conference should not have accepted this amendment, in my judgment, until they had the benefit of the study of their own subcommittee. I believe that the conference report should be sent back to the conference with instructions to the managers on the part of the House that they insist on the House provision for total and permanent disability insurance. The Knowland amendment is a flank attack on labor rights and standards that we thought were settled for all time. It is aimed at making it possible to use unemployment compensation as a club to force unemployed men, who have hungry wives and children to feed, to take jobs in strike plants, for starvation wages or under yellow-dog conditions. Let's stop this cowardly attack on labor rights and standards through the unemployed.

Mr. Speaker, it is absolutely necessary that there be, on the part of the States, uniform adherence to the standards laid down by Congress in the Social Security Act as essential features of the whole unemployment compensation insurance plan. It is interesting to note that in his annual report in 1943, Mr. Loy- sen, then president of the Interstate Conference of Employment Security Agen-
cies, and then, as now, executive director of the division of placement and unem-
ployment insurance of the State of NewYork, made the following statement:

There is no basis, and from what I know of the administration of the laws, no sound reason for setting aside Federal labor standards in the laws, nor for attacks on the people appointed to enforce and uphold these standards. This was adopted by Congress in the Social Security Act.

These basic rules are vital to a good plan; they are, in fact, rules that guarantee protection of the rights of the individual, but it takes wise and expert administration of the laws to prevent abuses and slants to the face of State. It has been said that this is stopgap legisla
tion. It is nothing of the kind. It has no termination date or cut-off time. It is permanent legislation—so permanent that it will remain on the statute books until some future Congress shall have repealed it. It is ironi
c, indeed, Mr. Speaker, that this inauspicious proposal should originate with a distinguished Senator from a State that has received, perhaps, a proportionately greater reinforcement to its erratic economy, due to alternating peak and depression and the resultant unemployment, than any other State in the Union.

As one who has labored long and faithfully in the creation and the perfection of the entire social-security system, over the many years since its enactment, it is
very depressing and disappointing to me to observe that, instead of maintaining the minimal standards prescribed by the Federal law—and God knows they are reasonable and low enough to meet the existing unemployment compensation and employment by any State—we discover that unacceptably or intentionally attempts are being made to progressively undermine and destroy the entire system.

Mr. Speaker, I believe I might state for the benefit of the House that a similar subtle attempt to destroy the effectiveness of the minimum Federal standards was made by round-about and equally devious compensation and employment conference of Governors in Chicago in 1947, which I was privileged to attend. It was at this meeting that the thrust was parried, and the plot subsequently was squelched at the conference held in the city of Washington.

The proposal then advanced to undermine Federal unemployment insurance standards was "that the Federal Government should relinquish to the States the Federal financial shares of the debts and obligations levied upon the administrative expenses of the State employment security programs, and the States will assume the responsibility for the administration of the unemployment-compensation and employment-service programs." In other words, it was proposed that the States be excused from compliance with Federal standards in order to obtain their share of the Federal tax for administration of the unemployment-insurance program.

This is another slick trick of Frank Bane, of that I am sure. It did not fool the governors at their several conferences, so the attack was made where no one need be fooleo. I am never surprised by such tactics, but did not expect them to be proposed by a Californian. This is a low, foul blow which should not be condoned by the House. If we cannot instruct the conferences to try once again to eliminate this black-jack amendment it will be too bad for the millions of workers who heretofore have been protected by the Federal law.

I remember very distinctly the luncheon meeting held at the Hotel Mayflower where I sat and discussed the problem with Gov. Earl Warren, of California, whose philosophy and attitude paralleled my own views. But the organized influence of some State unemployment-insurance directors under the domination of organized groups of employers continued to bore in. In addition, I should like to add that an attempt was made at the meeting held in Detroit, and a later one held in Colorado Springs, to reduce these standards. So I undertook to write the attached letter to the following list of governors warning them of the impending danger: Hon. William Lee Knows, Governor of Colorado; Hon. Earl Warren, Governor of California; Hon. Chester Bowles, Governor of Connecticut; Hon. E. Stevenson, Governor of Illinois; Hon. William Preston Lane, Jr., Governor of Maryland; Hon. Paul A. Dever, Governor of Massachusetts; Hon. O. Menden Williams, Governor of Michigan; Hon. Thomas E. Dewey, Governor of New York; Hon. W. Kerr Scott, Governor of North Carolina; Hon. Frank J. Lausche, Governor of Ohio.

CONGRESS OF THE UNITED STATES,
WASHINGTON, D. C., June 19, 1949.
Hon. William Lee Knows,
Governor of Colorado,
Care of Governors' Conference, Colorado Springs, Col.

Dear Governor Knows: I am vitally concerned with protective and constructive measures that will follow to annihilate the present employment and claims to run, not serve, the system. I subscribe myself, Cordially and sincerely yours,

JOHN D. DINGELL,
Member of Congress.

I regard the Lynch bill as less objectionable than the Myers amendment, but I am opposed to the proposition of distributing excess Federal collections among States for purposes other than administrative emergency expenditures, and use of such excess funds for reinsurance to pay benefits to workers when State funds may become insufficient. The proponents of this idea to sabotage unemployment in devious and appealing ways have been presented in the past, but the least of which is the demand for State control—which ignores the fatal implications that will follow to annihilate the present system.

The proponents according to Associated Press dispatches have already jumped the gun and inched their barrage upon all forms of Federal-State cooperation with emphasis upon the alleged gross abuse in unemployment compensation payments which of course can be corrected by the complaining States wherein such abuses occur without voiding Federal-State cooperation so essential to the maintenance of the higher standards protecting workers and Industry in all States. I trust your views coincide with mine and that you will assume a forthright position when the matter is presented to the conference.

I subscribe myself,
Cordially and sincerely yours,

John D. Dingell,
Member of Congress.

I might add, parenthetically, that when my attitude became known to the membership of the summer governors' conference, Frank Bane, who as secretary brags publicly about his powerful position and claims to run, not serve, the governor he did not invite me either to the Detroit conference in my home town or to the Colorado Springs conference. The reasons are obvious. Nevertheless, despite my absence this move through the governors' conferences was killed.

But now, Mr. Speaker, the attack has been launched within Congress itself and takes form in the California Senator's proposal, known as the Knowland amendment, which ought to be ripped out of the bill. The main aim of this House should define its position clearly by instructing its conferences to stand firmly against this amendment.

If there is to be any modification in existing laws so far-reaching in an area where there is so much apprehension about the corrosive effect and even possible destruction, such proposals should not be presented for separate study which the junior Senator from California could do by introducing his amendment in the form of a bill.

Changes are sometimes made by way of amendment; but the proposal was made in another body because under the Constitution they do not have the jurisdiction to originate a revenue measure, but why hearings are not held to thoroughly examine such a destructive amendment to existing comprehensions. For myself, personally, I have reached the point of outright rebellion against this practice which, to me, is more than short-sighted, it is downright wrong.

Those who have had nothing whatever to do with the creation and the perfection of the Social Security Act are now attempting to destroy it. Labor generally, and in California particularly, will not take this daggery thrust lying down.

It may be more than a mere coincidence that the only social-security bill passed by the Republican Eightieth Congress was the infamous Gearhart resolution depriving nearly 750,000 workers and their families of social-security coverage.

Now another Republican from the same great State—but this time a Member of the other body—spouses legislation to cripple another vital part of the social-security program. And so I urge dispatching of protests and protests in support of a stronger social-security law.

Aside from the Knowland amendment which is as sinful as anything could be, the social-security bill in the liberalized form presented to you by the conferences merits approval. It is not, as a matter of fact, the same bill that the House proposed. It has been narrowed in some respects and liberalized in others. We could well be proud of the advances made in the completed bill were it not for the Knowland amendment for which we will have to make everlasting apologies and hang our heads in shame until it is eventually repealed.

The simple and the easy way would be to instruct the House conferences to insist upon the removal of this iniquitous amendment. Should the House refuse to do this, thereafter, each Member must vote according to the dictates of his own conscience. But should the bill in the present form with the Knowland amendment retained become law,
then the flight begins immediately to bring about its repeal, and in that fight there will be many political casualties.

A roll call should be had to record the individual sentiments of the friends and the enemies of the worker and of unemployment compensation. We must separate the sheep from the goats.

Mr. REED of New York. Mr. Speaker, I yield myself 6 1/2 minutes to the gentleman from New Jersey (Mr. KEAN).

Mr. KEAN. Mr. Speaker, I am more than delighted that at long last sharp increases in benefits and a broadening of the coverage under the old-age and survivors insurance law seems to be finally in sight. I have been working toward this end for a long time. I introduced three bills to attain this objective in the last few years, and so I am supporting the conference report with enthusiasm.

Of course no legislation is perfect. The provision exactly as I would have written it, but the matters to which I object are of minor importance as compared to the great good which will be accomplished by the other sections of the bill. In this conference form it is much closer to H. R. 6297 which I introduced last October, than it is to H. R. 6006, the bill which passed the House.

In my bill which was supported on the floor by a majority of the Republicans, I provided for more adequate protection for those irregularly employed. This is provided in the bill before us.

My bill provided for the elimination of the "increment" factor which would have benefited only the "economic royalists" among workers. This provision is eliminated in the bill before us and the benefits which would have gone to the less needy workers have been given to the more needy.

My bill provided that those suffering from total and permanent disability be taken care of through the assistance program rather than under the insurance program. This is incorporated in the bill before us.

My bill provided for the elimination of the authority for the Treasury to extend the definition of "employee." This is incorporated in the bill before us.

Mr. REED of New York. Mr. Speaker, I yield myself 6 1/2 minutes.

Mr. Speaker, the attempt to defeat the Knowland amendment is another drive for excessive delegation of power for a Washington bureaucrat.

There is too much bureaucracy constantly creeping into our Federal Government. This drive to defeat the Knowland amendment is an interference with the rights of the State and the liberties of the individual citizen.

Let us not revert to bureaucratic tyranny instead of trusting to our State courts.

The State courts are close to the problems of unemployment and are trained and skilled in the interpretation of State laws.

It should be remembered that each State enacts its own unemployment insurance law and operates its own program.

Is State compliance with a State statute to be determined by an arbitrary bureaucrat in Washington in utter disregard of the State courts?

If such is the case then the State system of unemployment insurance becomes a Federal bureaucratic system of unemployment. It transforms home rule into a farce.

It is the 48 sovereign States that do not want to be penalized by a far distant bureaucrat without an opportunity to have their laws of compliance tested in their own courts. The State administrators have been called here from the four corners of the United States by the Secretary of Labor to listen to his appeal for power to bypass the State courts by his personal edict. Conference after conference has been held, and all the pressure the Secretary of Labor could bring to bear on the State administrators to yield to him the arbitrary power to refuse benefits to a State without any hearing before the courts of the State has been had.

The State administrators refused to insult their governors, administrators, and the courts of the respective States by yielding to such a bureaucratic proposal.

All of the conference except one signed the conference report. Thus 11 conferences favor the Knowland amendment.

Every member of the House should know that if this legislation is not signed by the President on or before August 26, approximately 3,000,000 persons now receiving social-security benefits will be denied the benefit increase for the month of September promised them under this legislation. If this legislation does not become law on or before August 26, it means that the Congress is deliberately depriving 3,000,000 persons—old people, widows, dependent children of $50,000,-000 in benefits promised them under the bill.

It is unthinkable that the Congress would deliberately breach this promise in playing party politics. That this denial of increased benefits for the month of September will result if this legislation is not signed by the President on or before August 26 is confirmed by the Federal Security Agency which advised my distinguished colleague from Pennsylvania (Mr. SIMPSON) by letter yesterday as follows:

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY ADMINISTRATION,

Hon. Richard M. Simpson,
House of Representatives,
Washington, D. C.

Dear Congressman Simpson: This is in reply to your request for information concerning the operating schedule involved in the issuance of old-age and survivors insurance checks for the month of September.

The conference committee included in the final version of H. R. 6006, the bill for the payment of benefits for the month of September on the basis that the law would be signed by the President on or before August 26, 1950. Our administrative plans have likewise been based upon this assumption.

Sincerely yours,

William L. Mitchell,
Deputy Commissioner.

Moreover, the Congress should fully realize that a direction by the House to the Senate to insist on the permanent and total disability contained in the House bill is tantamount to a direction to the House conference to completely rewrite the whole social security system around the new disability program. It would be impossible for the House and Senate conferees to get together on any disability insurance program without considering an enormous number of complicated problems including the various conditions under which payments would be made, the method of computing such payments, the place of vocational rehabilitation in the disability scheme, the effect of the adoption of such a scheme in the already agreed upon approach of disability assistance, and numerous revisions in other parts of the bill. For example, a new tax rate would have to be worked out in playing party politics. That this denial of increased benefits for the month of September will result if this legislation is not signed by the President on or before August 26, approximately 3,000,000 persons now receiving social-security benefits will be denied the benefit increase for the month of September promised them under this legislation. If this legislation does not become law on or before August 26, it means that the Congress is deliberately depriving 3,000,000 persons—old people, widows, dependent children of $50,000,-000 in benefits promised them under the bill.

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In itself will constitute a full time activity for both these committees. Bear in mind that the conference agreement is the final product of work on the part of the Ways and Means Committee and the Senate Finance Committee who met on February 18. The effect of directing the House conferences to now insist on a disability insurance program will be to start the whole proceedings again, and most certainly the result will be to sign the death knell of any social security legislation for this year. This means that—

There will be no increase in benefit payments. There will be no increased coverage. The work-clause will remain at only $15—this is the amount which a worker may earn without losing his benefits. Benefits for parents and the youngest survivor child would not be increased.

No wage credits for each month of military service would be provided for World War II veterans. No Federal funds would be made available for needy permanently and totally disabled individuals.

There would be no increase in the annual authorization for maternal and child health services, child-welfare services, and services for crippled children. There would be no increased benefits for the blind.

Now let me tell you in simple language what the Knowland amendment is all about. Bear in mind that all the charges and countercharges which have been made concerning this Senate amendment and picture yourself in the local office of a State unemployment compensation claims examiner. The door to the claims examiner’s office opens and a claimant walks in and makes a claim for unemployment compensation benefits. The claims examiner denies the claim on the ground that under the State law which has been approved by the Federal Government the claimant is not entitled to benefits. Thereupon the individual claimant appeals to the Board of Review and suppose the Board of Review upholds the State claims examiner’s decision that the claimant is not entitled to benefits. The sole issue in the Knowland amendment is whether at that point the claimant walks across the local courthouse or whether he makes a long-distance call to the Department of Labor in Washington. All the Knowland amendment does is to say that a claimant must give his State courts an opportunity to pass on the validity of the ruling by the Board of Review before the Secretary of Labor can hold the States for State program out of conformity with the Federal minimum specifications. There is nothing more to it than that. It is simply a question of whether the review procedure of the State courts is indicated. Every unemployment-compensation law should have a chance to operate before the Secretary of Labor steps in. The Knowland amendment in no way limits the power of the Secretary of Labor. It simply restrains his arbitrary exercise of this power until the State courts have had a chance to speak. Those who attack the Knowland amendment are in essence attacking our State systems, our State employees, and our State courts.

Mr. Speaker: Employees of nonprofit organizations: The conference agreement provides for the coverage of employees of all nonprofit institutions on a elective basis. In order to obtain coverage the nonprofit organization must certify that it desires to have the old-age and survivors insurance program extended to the services performed by its employees and at least two-thirds of the employees must concur in the filing of the certificate. The employees who concur in the filing of the certificate will not be covered, but all employees engaged after the effective date of the certificate will be covered on a compulsory basis. Once an employer has elected coverage concurred in by two-thirds of the employees the employer cannot withdraw the certificate for a minimum period of 10 years. The purpose of the 10-year requirement is to prevent an employer from jeopardizing the opportunity of a worker to achieve a fully insured status. I personally believe that this solution to the troublesome problem of extension of coverage to employees of nonprofit organizations will be generally satisfactory and will not raise any constitutional issue nor involve difficult questions of interpretation. As you know the social-security tax is an income tax on the employee and an excise tax on the employer, and the Senate provision for coverage at the election of the employer therefore raised a question as to whether the imposition of a tax on the employer at all would be constitutional. It would not be an unconstitutional delegation by the Congress of its taxing power. On the other hand the House version providing for compulsory coverage to all employees of organizations exempt from the Federal income tax under section 101 of the Internal Revenue Code and voluntary election on the part of the employers to pay the tax met with vigorous opposition in the Senate by certain religious denominations and organizations. The problem of extension of coverage to employees of religious denominations. The conference agreement is an attempt to meet these two basic difficulties, and to avoid making any distinction in the application of the law between religious and other charitable organizations.

(d) Domestic workers: The House conferences receded and concurred in the Senate amendment extending coverage to domestic workers in private homes—but not on a farm operated for profit—if the worker is employed 24 days or more in a calendar quarter by one employer and is paid cash wages of at least $50 for the services rendered in the quarter. The Senate amendment differed only from the House version in that it reduced from 26 to 24 the necessary days of employment, and from $50 to $30 the amount of cash wages required from $25 to $50. This is an improvement over the House bill in that it eliminates the objection to the House provision which would have required many domestic workers to have paid the social-security tax even though they did not receive wage credits.
In addition to the above coverage provisions the conference agreement provides a satisfactory solution to the problem of coverage of public transportation workers, the self-employed, Federal employees, and other miscellaneous groups whose status was either clearly defined in the House or Senate version, or about which there were minor shades of disagreement between the two bills.

**Definition of “Employee”**

One of the principal objections to the House version of H. R. 6000 was the new definition of “employee.” The Republicans opposed the definition of “employee” contained in the House version on the ground that it left the determination of social-security tax liability to the unbridled discretion of the Treasury. The Senate amendment eliminated the objectionable paragraph (4) of the House definition, and the conference agreement follows the Senate definition with only minor modifications. The conference report provides that an “employee,” for social-security purposes, will continue to be determined under the usual common-law rules, and that the following individuals who perform services under prescribed conditions are also included as “employees.”

1. **First. Agent-drivers or commission-drivers engaged in distributing meat, vegetables, or fruit products, bakery products, beverages—other than milk—or laundry or dry-cleaning services for his principal;**

2. **Second.** Full-time life-insurance salesmen;

3. **Third.** Home workers performing work, according to specifications furnished by the person for whom the services are performed, and to whom goods furnished by such person which are required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing under the laws of the State in which such services are performed; or

4. **Fourth.** Traveling or city salesmen, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of the transmission to his principal—except for side-line sales activities on behalf of some other person—of orders from wholesale retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations; if the contract or agreement with these individuals states that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term “employee” under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services—other than in facilities for transportation—or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.

The Senate amendment of the definition of “employee” did not seek to nullify the Bartels case—Bartels v. Birmingham (332 U. S. 126 (1947))—which the House definition did, and the House conferees receded and concurred in the Senate amendment on this point.

**Increased Benefits**

Both the House bill and Senate amendments increased benefit amounts received by present beneficiaries and for beneficiaries retiring in the future. The Republican minority actively supported and urged this increase. In general the House bill provided average increases of about 70 percent and the Senate bill provided average increases of about 85 percent. The conference agreement represents a compromise between the two bills so that the average increase is increased for by the conference agreement is approximately 77 percent. The following is an indication of the increased benefits that will be paid under the conference agreement:

<table>
<thead>
<tr>
<th>New primary insurance program</th>
<th>Present law</th>
<th>Conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>$20.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>$15</td>
<td>$30.00</td>
<td>$37.50</td>
</tr>
<tr>
<td>$20</td>
<td>$45.00</td>
<td>$56.25</td>
</tr>
<tr>
<td>$30</td>
<td>$64.00</td>
<td>$81.00</td>
</tr>
<tr>
<td>$40</td>
<td>$90.00</td>
<td>$112.50</td>
</tr>
<tr>
<td>$45</td>
<td>$100.00</td>
<td>$125.00</td>
</tr>
</tbody>
</table>

The minimum primary benefit was raised from $10 to $25 in both versions but the Senate provided a $20 minimum for individuals with an average wage of under $34 per month. The Senate bill provided average increases of approximately 85 percent. The Senate provisions for continued existing law but provided that the Senate provision that service credits will not be provided if the period of service in the Armed Forces is credited for civil service, military, railroad, or any other Federal retirement system. The House conference agreed to the Senate provision that the cost of these benefits will be paid from the trust fund and not from the general Treasury as provided in the House bill.

**Benefit Formula**

The House conference receded and concurred in the Senate provisions for computing the amount of benefits, thereby eliminating the objectionable 1½ percent increment provided in the House version together with the “continuation factor” and the resulting complexities which it introduced. Under the Senate version adopted by the conference agreement a worker’s average monthly wage is computed as under existing law except that any worker who has 6 or more quarters of coverage after 1950 would have his average wage based either on the wages and elapsed time counted as under present law or on the wages and elapsed time after 1950, whichever gives the higher benefit. His primary insurance benefit is then arrived at by taking 50 percent of the first $100 of this average monthly wage plus 15 percent of the next $300. For example, take a worker who retires at age 65, 25 years after the new start. While working he averaged $200 a month and assume he worked 20 years out of the 25-year period. His average monthly wage for benefit purposes would be divided by his total wages during the period in which he worked by 70 number of months in the 25-year period. This would yield an average monthly wage of $160. His primary insurance
benefit would therefore be $59—50 percent of the first $100 of this average monthly wage plus 15 percent of the next $60 of average wage, or $50 plus $9.

PERMANENT AND TOTAL DISABILITY

The House bill established a vast new program of disability insurance costing as a bare theoretical minimum at least $700,000,000 a year and a probable loss of several times this amount. Not counting doctors on contract, the number of additional Federal employees required to handle this new program would be over 5,000 and the additional administrative cost would be over $20,000 annually. Pending an opportunity to give the whole problem of loss of earning due to disability careful study, the Senate version made no provision for this new field of Federal insurance, and the House conferees receded and concurred. This was a wise decision, particularly in view of the fact that Federal funds for permanent and total disability cases were made available for the first time under the public assistance provisions of the House bill and this provision was adopted in the conference agreement.

UNEMPLOYMENT COMPENSATION

The Federal unemployment compensation tax laws now levy a 2.5 percent tax on employers but when the State has an unemployment compensation law approved under the Federal Security Act employers receive a 90 percent credit against the 3 percent Federal tax. The States receive Federal grants covering that portion of the administrative costs in their state and every State is now receiving these grants and employers under the individual State systems are receiving the 90 percent credit against the Federal tax.

Under existing law the Secretary of Labor is required to certify for the 90 percent tax credit each State whose law has been approved as containing the provisions required in the Federal law. Under the Federal law, however, grants to cover the administrative costs and the tax credit may be withheld if the State, first, “has changed its law so that it no longer contains the provisions”; or, second, “has with respect to such taxable year failed to comply substantially with any such provision.”

It is perfectly clear that, first, above, refers to the State statutes and that second refers to the application and interpretation of these statutes. The provision in the Senate bill adopted by the conference and earlier referred to, above, refers to the “Secretary’s findings are based will no longer contain the provision.” This amendment merely clarifies congressional intent as to the obvious meaning of the phrase “has changed its law so that it no longer contains the provision.”

The Secretary of Labor has made findings to the effect that the State, first, “has changed its law so that it no longer contains the provision.” This amendment merely clarifies congressional intent as to the obvious meaning of the phrase “has changed its law so that it no longer contains the provision.” This amendment merely clarifies congressional intent as to the obvious meaning of the phrase “has changed its law so that it no longer contains the provision.”

The present authority of the Secretary of Labor under section 1603 of the Internal Revenue Code and section 303 (b) of the Social Security Act expired but would merely be delayed in operation.

The Secretary of Labor cannot hold the State out of compliance with Federal standards, for when the State has finally acted through its designated final authority, the Secretary can hold the State out of compliance with the Federal standards whether such fact turns out to be the case.

Not does the requirement that claimants exhaust their administrative remedy change the authority of the Secretary to hold a State out of conformity where there has been a substantial failure to comply with the provisions of 1603 (a) and (b). The Senate bill adopted by the conference made no provision for the new field of State unemployment compensation, and the House conferees receded and concurred. This was a wise decision, particularly in view of the fact that Federal funds for permanent and total disability cases were made available for the first time under the public assistance provisions of the House bill and this provision was adopted in the conference agreement.

The second corrective provision contained in the Senate amendment adopted by the conference agreement is to give the individual States a 90-day period to get into conformity after the Senate amendment of Labor has held the State out of compliance or conformity. In the event that the Secretary of Labor finds against a State as a result of a State court decision it may waive the review and appeal procedure in the legislature in order to take the remedial action necessary. Where a court decision or legislative change is late in the year it may be impossible for the State acting in a situation like this until the necessary action prior to December 31, and for this reason the provision contains a 90-day compliance period and removes the State of the severe penalties of the Federal law. If the Secretary finds the State conforms with the Secretary’s interpretation within 90 days.

The third provision imposes the requirement that a claimant must have exhausted all his appeals before he may file a claim under the State law before the Secretary of Labor can charge the State with improperly denying him benefits. In two recent actions the Secretary of Labor summoned the Secretary of State of California and Washington because of certain appealable claims actions. These State actions were, to quote the new provision, “application or interpretation of State law with respect to which further administrative or judicial review is provided under the laws of the State.” This provision would prohibit the Secretary from acting in a situation like this until the persons concerned had availed themselves of their appeal rights under State law. Under the new provision he is authorized to act only when the persons concerned have exhausted all their administrative or judicial review of the State appeal process has been completed. This is in accord with one of our basic concepts of Federal-State relationship.

If claimants are not interested enough to pursue their case they will not pursue his claim through the review procedures available under State law, the Secretary cannot be permitted to intervene without destroying the entire appeal procedure provided in their State law. The State has designated a particular procedure to protect this appeal procedure. This does not affect the Secretary’s authority to act under the Federal law if the State is in substantial conformity. If the State is not in substantial conformity the Secretary’s findings become final at the end of 90 days. The statement, of course, is not intended to apply to the situation where within the 90 days the State amends its law so that the court decision or other actions on which the Secretary’s findings are based will no longer serve as a precedent. In such a case, the Secretary’s findings will not affect him in his proceedings because of the nature of the penalty. Where the State is in substantial conformity this achievement of the purpose served by the Federal standards is not at issue, but the court decision or other actions on which the Secretary’s findings are based will no longer serve as a precedent. In such a case, the Secretary’s findings will not affect him in his proceedings because of the nature of the penalty.
The House bill increased the rate of the employees' tax and of the employers' tax under the Federal Insurance Contributions Act from 1½ to 2 percent each on January 1, 1951. The Senate amendment postponed the increase in rates until January 1, 1956. The conference agreement increases the rate of each tax to 2 percent on January 1, 1954. Otherwise the rates under the House bill, the Senate amendment, and the conference agreement are the same. Under the agreement the rates of each tax are therefore as follows:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Description</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1½</td>
<td>From 1950 to 1953, inclusive</td>
<td>1½</td>
</tr>
<tr>
<td>2</td>
<td>From 1954 to 1959, inclusive</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>From 1960 to 1964, inclusive</td>
<td>2½</td>
</tr>
<tr>
<td>3</td>
<td>From 1965 to 1969, inclusive</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>From 1970 and subsequent calendar years</td>
<td>4</td>
</tr>
</tbody>
</table>

The rates of tax on the self-employed for the respective taxable years under the conference agreement are therefore as follows:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2½</td>
<td>Beginning after Dec. 31, 1953, and before Jan. 1, 1960</td>
</tr>
<tr>
<td>3</td>
<td>Beginning after Dec. 31, 1959, and before Jan. 1, 1965</td>
</tr>
</tbody>
</table>

**PUBLIC ASSISTANCE**

Permanently and totally disabled: The House bill established a program for needy permanently and totally disabled, for Federal-grants-in-aid under the public-assistance program. The Senate amendment made no provision for Federal participation in such payments. The Senate receded and concurred in this provision. The Republican minority urged the extension of Federal participation in payments made by the States to permanently and totally disabled persons, thereby attempting to meet the problem of disability at local levels rather than through a vast bureaucracy of additional Federal employees in Washington.

Matching formula: Under existing law the Federal share is three-fourths of the first $20 of the State's average monthly payment plus one-half of the remainder up to $50. The conference agreement continues existing law as did the Senate bill.

With respect to old-age assistance and aid to the blind the House bill provided for Federal participation to the extent of four-fifths of the first $25 of the State's average monthly payment per recipient, plus one-half of the next $10 of the average, plus one-third of the remainder of the average within the individual maximums of $50. The formula adopted by the House version was objectionable because:

(a) It reduced the incentive of the States to provide adequate payments for the aged, the blind, dependent children, and the permanently and totally disabled, and discriminated against States which are doing a good job of fronting Federal funds to the States which are not meeting their full responsibility;

(b) It deviated from the principle of public assistance;

(c) It encouraged the use of this program for political purposes; and

(d) It lent further impetus to the shifting of a basic State responsibility to that of the Federal Government.

**Aid to the blind:** The House bill provided that a State may disregard such amount of earned income up to $50 per month as the State vocational rehabilitation agency for the blind certifies will encourage and assist the blind to prepare for or engage in gainful employment. It also provided that the State must take into consideration the special expenses arising from blindness and must disregard income or resources not producible or actually available. The Senate amendment provided that prior to July 1, 1952, a State might disregard earned income up to $50 per month in the discretion of each State. After July 1, 1952, the State would be required to disregard earned income up to $50 per month. The conference agreement follows the Senate amendment.

The House bill provided that any State which did not have an approved plan for aid to the blind on January 1, 1949, could have its plan approved even though it did not meet the requirements of clause (a) of section 1002 of the Social Security Act relating to the consideration of income or resources in determining need. It was specified, however, that the Federal participation would be limited to payments made to individuals all of whose income resources had been taken into consideration.

Under the House bill these provisions would have been effective for the period beginning October 1, 1948, and ending June 30, 1953. Under the Senate amendment they would have been permanent. The conference agreement provides that they shall be effective for the period beginning October 1, 1950, and ending June 30, 1955.

The House bill provided that in determining blindness there must be an examination by a physician skilled in diseases of the eye or by an optometrist. The Senate amendment stated that in determining blindness there must be an examination by a physician skilled in diseases of the eye.

The conference agreement provides that the services of an optometrist with a certificate issued by the State or the Armed Forces, as prescribed by the laws of the State, shall be made available to recipients of aid to the blind as well as to recipients of any grant-in-aid program for improvement or conservation of vision. The conference agreements follows the House provision with an amendment providing that after June 30, 1952, an applicant for aid to the blind may select either a physician skilled in diseases of the eye or an optometrist to make the examination.

**Puerto Rico and the Virgin Islands:** The House bill provided that all categories of public assistance be extended to Puerto Rico and the Virgin Islands. The Federal share of expenditures would be limited to 50 percent. The maximums on individual payments with respect to old-age assistance to the blind, and aid to the permanently and totally disabled would be $30 per month. For aid to dependent children the maximums would be $18 with respect to the first child and $6 with respect to each of the other dependent children in the same home. The Senate amendment contained no such provision. The con-
House bill, but limits the total amount authorized to be certified by the Federal Security Agency Administrator in all four categories with respect to any fiscal year to $4,225,000 for Puerto Rico and $160,000 for the Virgin Islands.

Maternal and child health: The Senate amendment provided for the authorization for annual appropriations for maternal and child health from $11,000,000 to $20,000,000 with the $35,000,000 amount authorized to each State to be increased to $60,000. The House bill contained no such provision. The conference agreement provides for the fiscal year beginning July 1, 1950, an authorization of $15,000,000 and for each fiscal year thereafter $16,500,000, and in each case the uniform allotment to each State is to be $60,000.

Crippled children: The Senate amendment provided for an increase in the amount authorized to be appropriated annually with respect to crippled children to $15,000,000 with the annual uniform allotment to each State to be increased to $50,000. The House bill contained no such provision. The conference agreement provides for the fiscal year beginning July 1, 1950, for an authorization of $12,000,000 and for each year thereafter $15,000,000. In each case the uniform allotment is to be $60,000.

Child-welfare services: The House bill provided for an authorization for annual appropriation for child-welfare services of $7,000,000 under the State plans, the States would be free, but not compelled, to utilize the facilities and experience of voluntary agencies for the care of children in accordance with State and community programs and arrangements. The Senate amendment retained the increased $40,000,000 allotment and the provision relating to run-away children that were in the House bill. The conference agreement follows the Senate amendment except that the amount authorized to be appropriated annually is $10,000,000.

The conference report should be adopted without any further delay, and at the earliest, the study shall be undertaken in order to furnish the Congress with information on which to overhaul the entire system, put it on a pay-as-you-go basis, and make adequate provisions for the millions of our aged people who will never get any benefit from the present system. No amount of patchwork can ever correct the basic flaws of the present system with its fake trust fund, its arbitrary eligibility requirements, and its denial of any benefits to millions of our aged people.

The SPEAKER. The time of the gentleman from New York (Mr. Rea) has expired.

Mr. GROUCHON. Mr. Speaker, I yield 8 minutes to the gentleman from Georgia (Mr. Camp).

Mr. CAMP. Mr. Speaker, I wish to plead very sincerely with this House to adopt this conference report, and to support the amendment provided for about 8 months; and the work so ably done on the other side, covering a period of some 5 months.

The Ways and Means Committee began its consideration of this bill in February of last year, and worked on it daily until October of last year. If I may be excused from passing a compliment on my own committee, I think it is one of the best jobs we have done in years.

Under this bill the social-security system is made of real value to the people of this country. It adds more than 10,000,000 workers to the Social Security System, and it raises the benefits to be drawn by widows upon retirement 71 1/2 percent on the average for those who are now under the System. And the benefits for those who retire in the future will be doubled. It fixes maximum benefits to be drawn by a totally insured person at $80, and if an insured worker dies leaving a widow and several dependents, the maximum total is $150 a month.

The people of this country are welcoming this new law and looking forward to it, and everything is made possible for them to draw these increased payments, effective beginning September 1.

This conference report is signed by every member of the conference except one. The hitch in this matter occurs over what is known as the Knowland amendment. It has been magnified in my humble opinion, more than from a mole hill to a mountain. Title III of the Social Security Act, which deals with unemployment insurance, has been in effect about 15 years. For 14 years it has been administered by the Social Security Board. Never have we had any trouble like this until, under the Reorganization Act, its administration was transferred to the Department of Labor.

Then these difficulties arose which resulted in the introduction of the Knowland amendment in the other body. Frankly, if you will study this matter just a little, there are very few of us who do not understand what the Knowland amendment is not the bear that they say it is. Under the original law, in order for title III to become effective, it became necessary for each State to pass an enabling statute. Those statutes were set up to certain Federal standards set up in the act. Of course, every State law is practically the same as the other. There are certain minor differences in many, but the general principle remains the same.

The Knowland amendment provides that, where a State statute has already been accepted by the Federal Administrator as being in conformity with the standard laid down in the law, before they can declare that State out of compliance, by reason of some action of the State administrator in the future, the interpretation of State law must be reviewed by the highest court of that State to which the issue can be appealed. If you are a lawyer, or even if you are not a lawyer, you know that the place to review a State law is in the appellate court of that State. It is not a question of State rights versus Federal rights. The constitution of every State in this Union provides that its own laws shall be interpreted by its own courts.

My colleague has said that it might postpone the receipt by some worker of his benefits as much as 3 or 4 years. It does not take that long to get a case through a State court, and even if it did, the right of that State court to interpret its own law seems to me to be paramount.

Now, let us go a little further. Our committee did not expect title III to be considered under this bill. We made no change in the law regarding unemployment insurance. This amendment was added in the other body. We have already set up a subcommittee to go through our amendment and to recommend to the full committee any change that may be necessary to effect easy and reasonable interpretation of the law. That subcommittee is to be working in the other body.

The Knowland amendment is only stop-gap legislation. If we have gone 15 years without any trouble in the administration of this law, we can certainly go on under this bill. We shall try to play the game to the best advantage.

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Mr. JENKINS asked and was given permission to revise and extend his remarks and include therein certain tables.

Mr. JENKINS. Mr. Speaker, I was a member of the Committee on Ways and Means in 1935 when we prepared and the Congress passed the first social security legislation. I said then and I say now that social-security legislation is of more personal interest to more people than any other legislation that Congress can pass except legislation necessary to a declaration of war. Thirty-five million people, not including wives and children in the family, 35,000,000 workers are interested in social-security benefits and they make social-security contributions. Under this bill we add 10,000,000 more.

I am sorry that every time we have a social security bill under consideration we are always in a hurry. When we considered this bill last October, you will remember, when we were meeting over in the Ways and Means Committee room we did not have half a chance to consider it; under a gag rule and we could not offer any amendment. You know, I think this bill being a people's bill is one about which every Congressman knows something and every Congressman ought to have a chance to offer amendments if he wishes to do so.

We bring the conference report to you today, the work, as I said, of 8 months and the work of the conferees of 2 or 3 weeks. We bring it to you here under such conditions that you will not have a chance to express yourself. Unfortunately, all the time is taken up by members of the conference committee, and rightly so. It would be well if we could have more time for these things, but we have not. Let me just summarize what we did. We took a gentleman from Georgia (Mr. Camp) who preceded me, just kind of in an off-hand manner, some of the changes in this legislation.

When we came to the old-age pensions will ask: "How about the old-age pensions; did you increase them?" You will have to say "No." You will have to say that you did not but that you added a new provision in the law that will benefit them indirectly. The same formula was approved but we did something else that will eventually help them in a great deal. We put a new provision in the insurance sections that will to this day old the people who are moving up into the 65-year group. I cannot explain what is now for it is very complicated; but you have time. If we had more time, we could go into these important changes. Let me make this plain. In the matter of the blind pension, the formula for that plan is not changed. They are permitted to earn up to $50 a month without having any deductions made. A new class has been added in this bill we have no time to discuss extensively. But we did discuss this for hours and days and days and days and we add new class, the totally disabled. A person who is totally disabled and in need of help is in the same class and in the same group as the old-age pensioner. That is one change in the bill which recommends it very highly. I have always been in favor of taking care of the totally disabled person who is in need. That is what this will do. I refer to paralytics and people like that who have no chance or hope physically to put themselves in competition with the average man and woman.

Mr. Speaker, this bill provides a great many advantages to those who carry social security insurance, under what we call the insurance features of the Social Security Act. It provides higher payments, it provides more flexibility in the relationships and more facility in the administration. There are a great many improvements in it that are worth while. For the present there is to be no increase in the form of what they call time for increase will soon come. You know, you cannot pay out money indefinitely without having some income. Sometime somebody must supply the money out of which you will pay this money. This will come a little later.

There is another brand new feature in this bill, a feature that was never in it before, nothing like it. The bill provides for the self-employed. Any person who is self-employed or employing other people, for instance, who earns more than a net of $400 a year will be required to come under the bill except those who are professionals, the doctors, engineers, lawyers and the like, who are excluded. Every garage man, every barber, everyone in the country except farmers who employ people will have to come under this new provision. Many of them want it, many of them do not want it. Anyway, after we pass this bill today, that will be the law, if the President signs it.

Mr. Speaker, I dare say you have been receiving more complaints from the teachers, the firemen, and the policemen than any of the other groups. I am satisfied with the way we got this through the conference committee and the work I vigorously opposed the conference committee one or more of the Democratic members would have accepted. I do not think we should have put the firemen and the policemen in a provision which have not been, and never can be, remedied by legislation. But by large the good far outweighs the bad, and it is particularly gratifying to note that most of the Republican minority's recommendations for improving the House bill have been recognized and adopted.

I shall proceed to discuss the bill more extensively and shall no doubt repeat some of the statements that I have already made.

You will recall that H. R. 6000 was brought to the floor under a closed rule. Every Republican member of the Ways and Means Committee vigorously opposed this high-handed procedure whereby no amendments could be offered or considered on the floor of the House by any of the Members although there were many major social policies involved which should have been considered on their individual merits. In effect we were compelled to take it or leave it.

The Republican minority felt that we should at least have had an opportunity to offer our specific recommendations for improving the bill and to allow the Members of this House to individually decide whether some or all of our recommendations should have been incorporated in the bill. But no opportunity for this legislation was provided, and as a result the House was forced into the position of having to accept the entire bill without amendments or vote against it.

The conference agreement is not perfect in every respect, of course, and unfortunately there are still many inequalities and injustices under the system which have not been, and never can be, remedied by legislation. But by large the good far outweighs the bad, and it is particularly gratifying to note that most of the Republican minority's recommendations for improving the House bill have been recognized and adopted.

I am glad to say that the bill was prepared in secret session and the public never had an opportunity to know the decisions reached by the committee until only a day or so before the legislation was brought hurriedly to the floor under a "gag" rule in the last days of the session. Many times during the preparation of the bill in the committee room, the Republican minority felt that we should at least have had an opportunity to offer our specific recommendations for improving the bill and to allow the Members of this House to individually decide whether some or all of our recommendations should have been incorporated in the bill. But no opportunity for this legislation was provided, and as a result the House was forced into the position of having to accept the entire bill without amendments or vote against it. I am glad to say that the bill was prepared in secret session and the public never had an opportunity to know the decisions reached by the committee until only a day or so before the legislation was brought hurriedly to the floor under a "gag" rule in the last days of the session.

When I speak of this bill I refer to what we considered the House bill. After the conference committee finished its work, the Senate amendments were adopted. It represents a fair compromise between the House bill and the Senate amendments and most certainly no further delay in providing increased benefits and increased coverage as recommended by the Republicans should be countenanced.

The conference agreement is not perfect in every respect, of course, and unfortunately there are still many inequalities and injustices under the system which have not been, and never can be, remedied by legislation. But by large the good far outweighs the bad, and it is particularly gratifying to note that most of the Republican minority's recommendations for improving the House bill have been recognized and adopted.

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was prepared by the Roosevelt committee did not contain any provision for blind pensions. It was only after a hard battle in the House and Senate that title 10 was added.

One of the most unfortunate provisions of the Senate version of the一个版本 of the... agreements with the state. The Conference was opposed and after this provision, we specifically recommended the direct exclusion of all employees under the usual common-law rules. The conference agreement adopted the Senate amendment eliminating paragraph (4) from the Senate definition under which we were opposed; it eliminates the provision in the House bill designed to change the effect of the Supreme Court holding in the case of Bartels v. Birmingham (332 U. S. 126 (1947)); and it reiterates the principle that the common-law rule will be used in determining the employee-employer relationship. Provisions in both the House bill and the conference agreement added individuals in certain specified occupational groups who are usually employees under the usual common-law rules. The conference agreement adopted the Senate amendment eliminating entirely the House additional benefit for patients in retirement, the result of the conference agreement is a carefully defined definition and an extensive improvement over the House bill. It is in accordance with the Republican position that extension of the definition be made by congressional action and not by arbitrary determination of the executive branch. The text involves the juggling of seven factors as provided for in paragraph (4) of the Senate definition.

The Republican minority protested against the use of the so-called increment in determining the amount of a person's benefit and this feature of the House bill has been eliminated. In general the conference agreement follows the House bill. The conference agreement contains no provision for eliminating entirely the House additional benefit for patients in retirement, thereby not only eliminating the one-half percent increment but also the complicated "continuation factor" which the House bill established for the first time. The Republican minority pointed out that the increment by which the benefit amount a person receives is increased by one-half percent for each year in covered employment was objectionable to the committee in executive session recommended it.

Under the Senate amendment and the conference agreement the benefit formula is 50 percent of the first $100 of the average monthly wage and 15 percent of the amount of benefits substantially as the Republicans have recommended. The conference report is a compromise of the calculations of benefits under the House bill and the Senate amendment adopted by the conference agreement:

**Illustrations of Calculations of Old-Age Benefits**

<table>
<thead>
<tr>
<th>A. Man employed for 40 years out of possible 40 years:</th>
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<tbody>
<tr>
<td>1. Monthly wage of $150 while working:</td>
</tr>
<tr>
<td>(a) House bill—Average wage, $150; basic benefit, 50 percent of $100 plus 10 percent of $50; increment amount, one-half times $70, or $14; continuation factor, 40/40, or 1; benefit, one times $55 plus $11, or $66.</td>
</tr>
<tr>
<td>(b) Conference report—Average wage, $150 times 40/40, or $150; benefit, 50 percent of $100 plus 15 percent of $50, or $82.50.</td>
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<tr>
<td>2. Monthly wage of $300 while working:</td>
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<tr>
<td>(a) House bill—Average wage, $300; basic benefit, 50 percent of $100 plus 10 percent of $50, or $70; increment amount, 20 times one-half percent times $70, or $5.50; continuation factor, 20/40, or one-half; benefit, one-half times $70 plus $4.25, or $74.25.</td>
</tr>
<tr>
<td>(b) Conference report—Average wage, $150 times 20/40, or $150; benefit, 50 percent of $100 plus 15 percent of $50, or $82.50.</td>
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<th>B. Man employed for 20 years out of possible 40 years:</th>
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<tr>
<td>1. Monthly wage of $150 while working:</td>
</tr>
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<td>(a) House bill—Average wage, $150; basic benefit, 50 percent of $100 plus 10 percent of $50, or $70; increment amount, 20 times one-half percent times $70, or $5.50; continuation factor, 20/40, or one-half; benefit, one-half times $70 plus $4.25, or $74.25.</td>
</tr>
<tr>
<td>(b) Conference report—Average wage, $150 times 20/40, or $150; benefit, 50 percent of $100 plus 15 percent of $50, or $82.50.</td>
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<th>C. Man employed for 10 years out of possible 40 years:</th>
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<tr>
<td>1. Monthly wage of $150 while working:</td>
</tr>
<tr>
<td>(a) House bill—Average wage, $150; basic benefit, 50 percent of $100 plus 10 percent of $50, or $70; increment amount, 10 times one-half percent times $70, or $2.75; continuation factor, 10/40, or one-fourth; benefit, one-fourth times $70 plus $3.50.</td>
</tr>
<tr>
<td>(b) Conference report—Average wage, $150 times 10/40, or $75.50; benefit, 50 percent of $100 plus 15 percent of $50, or $82.50.</td>
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| 2. Monthly wage of $300 while working:               |
| (a) House bill—Average wage, $300; basic benefit, 50 percent of $100 plus 10 percent of $50, or $70; increment amount, 20 times one-half percent times $70, or $5.50; continuation factor, 20/40, or one-half; benefit, one-half times $70 plus $4.25, or $74.25. |
| (b) Conference report—Average wage, $150 times 10/40, or $75; benefit, 50 percent of $100 plus 15 percent of $50, or $82.50. |

The Republican minority have consistently urged that every effort be made
to strengthen the insurance system so that the public-assistance programs may be lightened and the proper relationship between the two systems established. By adopting the Senate amendment for liberalizing the eligibility requirements the conference report represents a major step in the right direction. Under the provisions of the House bill it would take newly covered workers 5 years to become fully insured. But the conference agreement requires only the same qualifying periods for newly covered workers as was required for an older worker when the system first began. As the result of the new start provided for in the conference agreement any person aged 62 or over on the effective date of the bill would be fully insured for benefits at age 65 if he had at least six quarters of coverage acquired at any time. As a result of the adoption of this Senate amendment, approximately 700,000 additional persons will be paid benefits in the first year of operation thus reducing the need for public-assistance expenditures by the States. Moreover, the hundreds of persons who had previously not qualified will become entitled to benefits, inasmuch as the necessary quarters of coverage can have been obtained at any time since the beginning of the program.

Another feature of the conference agreement which is particularly commendable is the reduction in the amount of wages which a worker must receive in a calendar quarter in order to qualify from $100 to $50. The existing law is $50 in wages in a calendar quarter but the House bill raised this amount to $100. It will again be recalled that the Republican minority pointed out that as a result of the $100 requirement the extension to Puerto Rico and the Virgin Islands would not have been eligible for the extension of the social-insurance system to these two possessions. The result would have been that thousands of persons in Puerto Rico and the Virgin Islands would not have been eligible for benefits. The position was substantiated in the report of the subcommittee of the Ways and Means Committee which went to Puerto Rico and the Virgin Islands following the passage of H. R. 6000. The subcommittee of the Ways and Means Committee which went to Puerto Rico and the Virgin Islands following the passage of H. R. 6000

One of the major controversial issues was the provision in the House bill establishing a new program of paying benefits to permanently and totally disabled persons. The Republican minority argued that before adopting this new program on which there was no study or analysis made, an opportunity should first be given to meet the problem at the federal level through the public assistance programs. The Republican minority recommended therefore that the Federal Government share in the public assistance programs made by the States to newly permanently and totally disabled persons and although the Senate amendment contained no such provision, the conference agreement followed the House bill on this point.

There were other technical objections to the establishment of permanent and total disability payments as provided for in the House bill and no information was presented to the committee during its public hearings on this question except the recommendations of the Federal Security Agency which also recommended a program of temporary disability and an over-all welfare plan. This agency estimated approximately $21,000,000,000. A payroll tax of 15 percent was indicated as the approximate cost of these programs. In my opinion the extension of the insurance system to cover benefits for permanently and totally disabled persons should not be adopted on a hit-or-miss basis in the House bill, and the additional estimated cost of at least $700,000,000 a year should not be undertaken without careful regard to the objectives to be obtained. The conference agreement adopting the Senate amendment eliminating this program was a commendable decision.

UNEMPLOYMENT COMPENSATION

In order to be approved and certified by the Secretary of Labor the State Unemployment Compensation law must contain certain provisions set out in the Federal act. If the State law is changed so as not to contain these provisions, or if it fails to substantially comply with these provisions in the administration of its law, the Secretary of Labor in his withholding certification of the State law must take into account the following points:

(a) If the State law contains certain provisions set out in the Federal act (1603 (a)), it means that the taxpayers of that State are bearing part of the cost of the Federal act. If the State law is changed so as not to contain these provisions or the State fails to substantially comply with these provisions in its administration, the Secretary of Labor has the power to withhold certification of the State law.

(b) If the State law is changed so as to contain certain provisions set out in the Federal act (1603 (a)), it means that the taxpayers of that State are bearing part of the cost of the Federal act. If the State law is changed so as not to contain these provisions or the State fails to substantially comply with these provisions in its administration, the Secretary of Labor has the power to withhold certification of the State law.

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As in the case of the insurance provisions of H. R. 6000, the conference agreement represents a commendable adjustment between the House bill and the Senate amendments. It does not change the present matching formula under the public assistance programs because the philosophy of the Senate amendments is to make the matching requirement dominant over the assistance programs. Having adopted the Senate amendment for the now start which will result in the paying of benefits to an additional 500,000 persons in the first year at a cost of approximately $200,000,000 the House conference receded and concurred in the Senate provision maintaining the existing matching formula.

The change in the matching formula provided in the House bill was not satisfactory because it would have unfairly discriminated against those States which are doing their part in raising their assistance payments. The effect of the Knowland amendment would be to reduce the incentive of the States to provide adequate payments for the aged, the blind and dependent children, and would have encouraged the use of this program for purely political purposes.

Although, however, the conference agreement makes no change in the Federal share of expenditures under the assistance programs, it does provide for a new title XIV making Federal grants-in-aid available to permanently and totally disabled individuals as was specifically recommended by the Republican minority. The Federal share of expenditures for this new category will be three-fourths of the first $20 of the State's average monthly payment plus one-half of the remainder within individual maximums of $27 for the first child and $18 for each additional child. Under existing law the Federal share is three-fourths of the first $12 of the average monthly payments to a child of the remainder within individual maximums of $27 for the first child and $18 for each additional child in a family. The conference agreement retains existing law with respect to the maximums for children and the formula and provides a maximum of $27 with respect to the relative with whom the children are living. I am particularly pleased with the provisions of the conference agreement providing additional incentives for the blind—a problem in which I have long been interested. The House bill provided that the United States might disregard earned income up to $50 per month for the Federal rehabilitation agency for the blind holds certificates will encourage and assist the blind to prepare for or engage in remunerative employment. It also provided that the States must take into consideration the special expenses arising from blindness and must disregard income or resources not predictable or actually available.

The Senate amendment provided that to July 1, the children might disregard earned income up to $50 per month in the discretion of each State. After July 1, the State would be required to disregard earned income up to $50 per month. The conference agreement follows the Senate amendment.

I have attempted to show you that the conference agreement on this important legislation contains many provisions for States which will improve our social security system. Republicans have played a major role in framing this legislation and urging its passage so that the meager benefits now being paid will be increased and public assistance rolls reduced and at least some of the inequalities of the existing law eliminated. It would be a most serious mistake if the existence in the conference report of only one or two minor provisions which may be objectionable to some would stand in the way of the final passage of this legislation.

Mr. DOUGHTON, Mr. Speaker, I yield the remainder of my time to the gentleman from Arkansas (Mr. MILLS).

Mr. MILLS. Mr. Speaker, anyone may observe on page 123 of the statement on the part of the managers that I joined the other members of the conference and the Senate conference managers on the provisions of our bill relating to insurance for the totally and permanently disabled. I worked with my friend the gentleman from New York (Mr. Lynch) as
diligently as I knew how in attempting to perfect language that, in my opinion, would be preferable to the Knowland amendment. I worked with the gentleman from Georgia [Mr. Camp] as well as I knew how on provisions for disability insurance under title II. I signed the conference report even though the first was left in and the other was left out.

Maybe my remarks for signing it might be helpful—at least, I offer them to the hope they may be helpful—to Members in making up their minds as to what action should be taken on this conference report. The conference report itself is a new bill. The House passed a bill. The Senate struck everything after the enacting clause and wrote a new bill. The conference report itself is a third bill. It is very technical, detailed, and involved, as the gentleman from Georgia [Mr. Camp] pointed out.

Your Ways and Means Committee worked all day on this subject. The gentleman from the Senate Finance Committee worked all this year on the subject. Everyone I know of who favors a liberalization of the Social Security Act is in favor of what is in this conference report, with the exception of the Knowland amendment. There are some people who are not completely satisfied with the conference report, of course; some people wanted more than we could get, and others would have liked to see certain provisions omitted or changed. But as one conference I want to tell you that it is my honest opinion that, if you send this conference report back to the conferences, with or without instructions, the entire subject may be reopened. So that, if we come back to you again, we will come back to you with the Knowland amendment; we will come back to you without total and permanent disability under title II; and we are more than likely to come back to you lacking some of the things that are in this bill that all of us favor.

The gentleman from New York [Mr. Raza] has pointed out that there is a matter of title involved in this issue. We have got to do something. This bill must be signed by the President by the 26th of August if the benefits to some 3,000,000 people are increased as the result of this amendment are to be paid for the month of September, which would be the 1st day in October. Certainly, we should not, in my opinion, reject the work of this conference committee because of our objection to one that is in it. I am just as opposed to this provision as any of you. We said in the statement of the House managers, if you will turn to page 122, that we considered the Knowland amendment to be nothing in the world but stop-gap legislation. The entire subject matter must be looked into. The Secretary of Labor will tell you, in my opinion, if you call him, that there needs to be some legislation in this area that the Knowland amendment seeks to improve.

Mr. JACOBS. As I understand the Knowland amendment, it does not require litigation and interpretation of an original State statute to comply, but rather once the statute is adopted and the State is in full compliance, there must be a determination of any interpretation under that statute; is that correct?

Mr. MILLS. It has to do with compliance under the State statute by the administrator of unemployment compensation within the State.

Mr. JACOBS. But not original compliance.

Mr. MILLS. The gentleman is thinking of conformity.

Mr. JACOBS. Yes.

Mr. MILLS. No; it has nothing to do with that. It has to do with compliance by the State administrator, with the State law, which is in conformity with Federal standards, supposedly.

I trust that the committee of conference may receive the approval of the House and the Senate with a desire to see this go back to conference. We have a lot of things to do that are very important in the closing days of this session between now and such time as we are to leave here. We have a tax bill to write. These same men on the Committee on Ways and Means and the Finance Committee are busily engaged in attempting to prepare and bring to you this interim tax bill requested by the President. Our time will be pretty well taken up. If you send this report back to conference there is no telling when we can bring a new report back to you at the right time. Certainly, I think I am right in saying that we will not have anything better for your consideration than we have today.

Now, a subcommittee in our committee has been appointed to study unemployment insurance. The gentleman from Rhode Island [Mr. Forand], one of the ablest Members of the House, is chairman of the subcommittee, charged with the responsibility of considering the entire field of unemployment compensation either this fall or next year. Let me make this clear. No. 1 is to try to improve the unemployment compensation system. I know my good friend is opposed to the Knowland amendment. I know that one of the first acts of that subcommittee will be to prepare permanent legislation to provide the situation and repeal the Knowland amendment.

Mr. FORAND. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Rhode Island.

Mr. FORAND. Will my good friend from Arkansas not admit that this will make our task so much more difficult?

Mr. MILLS. Yes, the task will be more difficult as the result of the Knowland amendment. We argued that in the conference. But, I think my friend from Rhode Island will admit that the conferees, the members of his own committee who served with the full committee, did just as good a job as they could do in the first instance, and I am trying to impress on you that we will not be able to do a better job if it is sent back for further conference with the Senate. I am afraid, my friends, and I am deeply concerned about it, that if we send this conference report back we will come back to you with one that is not as good as we have. Your House conference committee gave you every provision that the Senate adopted which liberalized Social Security: every one of them that was not already contained in the House bill.

We obtained as much out of the Senate as we are going to be able to get from them, even if we stay with them until Christmas. I certainly hope the conference report will not be recommitted, and that the House will accept the report in spite of the Knowland amendment, with assurances from the Committee on Ways and Means as contained in the report that there will be a study of the entire matter and that legislation can be prepared and will be prepared to correct the situation on a permanent basis.

Mr. REED of New York. Mr. Speaker, I yield 6½ minutes to the gentleman from Wisconsin [Mr. Byrnes].

Mr. BYRNEs of Wisconsin. Mr. Speaker, there is one thing that I would never do as a Member of the House, and that is to have my position on any particular piece of legislation not clear to the Members or to my constituents. I hope that there will never be any question with regard to my purpose or motive behind any action that I might take.

Let me state that the gentleman from New York [Mr. Raza] was correct in his letter which he circulated among the membership this morning to the effect that there would be a motion to recommit, or an attempt at least on the part of the minority to offer such a motion, because Mr. Speaker, it is my purpose to seek recognition at the proper time to offer a motion to recommit, with instructions to the House conference.

I have two purposes in doing so. Let me make this clear. No. 1 is to try to close out any attempt to remove the Knowland amendment from the conference report. No. 2 is to try to call attention to what, to me and to many people involved, is an inequity created in the bill by the conferences.

As to the first purpose, may I make it perfectly clear that I for one at least believe that the Knowland amendment is a sound addition to the unemployment compensation laws of this Nation. I for one have confidence in the integrity and honesty of our State governments and our State legislatures and also in our State administrators, and you can come with somewhat poor grace for the majority leader and others to suggest that the State administrators and State legislatures are going to act in a capricious manner that they are going to destroy the benefits of unemployment compensation to the workers in their States by twisting and turning the language of their various State laws. Let me remind the gentleman that, if unemployment compensation laws originated in the States, Unemployment compensation systems are still State systems.

Oh, I know that great effort has been made by certain persons in the admin-
istration to eliminate completely State unemployment compensation laws and drag it all in here to Washington so that you would have one standard unemployment compensation law. They would eliminate, for instance, laws in the State of Wisconsin that give preference to an experience-rating principle which have worked for the good of both industry and labor. I know that is the objective of many. It has been a battle that has been fought for many years.

I have confidence, however, in the State administrations and I therefore want to do everything I can to close out any attempt to remove the Knowland amendment to this bill.

At this point, Mr. Speaker, I should also like to make clear that my opposition to the basic provisions of this legislation stems from the gross inequities I feel it contains. My analysis of those inequities is contained in the amendment I made to my constituents on October 11, 1949, at the time the bill passed the House. I include, at this point, a copy of the speech that broadcast:

Yvon Wallis

(Program for October 11, 1949)

Last week, the House passed the social-security-revision bill.

Briefly, the bill extends social-security coverage to those persons now paying an average increase of 70 percent in present benefits, creates a new classification of totally and permanently disabled, credits World War II veterans with time in service, and increases the amount to be collected in future years in taxes upon employees and employers and self-employed persons.

This bill must, of course, pass the Senate before becoming law. According to the present plans of the administration, it will not be considered by the Senate this year but will be brought up in 1950. It is believed in Washington, however, that the Senate will pass substantially the same bill at that time.

On final passage of this bill in the House of Representatives, your Congressman found himself to an extent that surprised even himself. I was 1 of 14 lonely Members who voted against the measure. The number of us who are opposing the great social-programs now being pushed by the administration appears to diminish each day. I am rapidly reaching the conclusion that I will soon become a minority of one if the present trend continues.

In any event, I am sure that you realize that my votes against this and other proposals have not been cast lightly nor without a good deal of study and investigation of all the factors involved. In this case, I was a member of the committee which handled this bill. For the past 6 months, we have literally eaten, slept, and drank social-security problems, and we are coming to the conclusion that this bill is unsound, and I hope to tell you why during this visit to your Washington office tonight.

I cannot deny that there are some very meritorious provisions in the social-security revision bill which passed the House last week. There are some very meritorious provisions in a bill, however, does not make that legislation sound. We must always balance the good with the bad; the safe with the unsound. If this is done with the new social-security bill, in my opinion, one is forced to conclude that the bad far outweighs the good.

Many of the reforms contained in the bill pertaining to the aged, the blind, dependent children, and permanently disabled are greatly needed and praiseworthy. My principal con-cern lies, however, in the field of old-age and survivors' insurance. This program pays retirement benefits to the workers—and under the bill to self-employed persons—and their families. That, after all, is the program with which the bill is primarily concerned. It is the program constantly referred to by its supporters as the social-security program.

In my opinion, this program, under the new bill, is no longer social nor insurance. It fails to do the very things that a liberal and effective social-security program should do.

Consider first, the social-aspects: Its concern for the people who need or should have protection.

This bill does increase the benefits to be paid, but it must be thoroughly understood that it does not provide any retirement benefits for those who have not acquired insured status. It is presently 2 percent, the rate is to be increased to 7 percent, but it does not provide any coverage for the great majority of today's older people. One-third of the 5,000,000 men over 65 today are either insured or are the wives or widows of insured men, because only those who are fortunate enough to have remained at work for much of the time since the program was established in 1937 could obtain the necessary calendars of covered employment. This bill does not correct that situation in any way. This program, advertised far and wide as a social program, offers nothing for today's needy aged.

Now, this fact is recognized sometimes by supporters of old-age and survivors' insurance and is rationalized by the argument that this discrimination is justified by the cost of the benefits, but it does not provide any coverage for the greater part of today's older people. What brought us to this present patchwork program? In its original conception, this program was designed to secure employed workers, and to underwrite the costs of the benefits which result from old age. As such, it was a sound insurance program, requiring special taxes to finance the cost of benefits. It was not intended to be, and it was confined to those who feel more sharply the hazards of old age—industrial workers. As such, it was basically sound and a real step in the direction of solving the complex problems of modern life.

But then the pressure groups began to work. The cry arose for increased coverage, more benefits, protection against new contingencies, and the postponement of the increased taxes necessary to maintain a sound insurance system. The story of wanting more for nothing and putting off the inevitable day when the costs must be met by taxpayers is one which Congress is subject to pressures, and under what conditions, despite the fact that there is no known way to predict the economic circumstances which might prevail at that time.

And, finally, it commits us to a large degree of control over the earnings of our people by requiring contributions toward the social-security system which have been made by the working man, and under what conditions, despite the fact that there is no known way to predict the economic circumstances which might prevail at that time.

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and two-thirds gratuitous pension—thanks to the politicians and to the inability of future generations to protect themselves against such injustices.

Who can say what new pressures will shortly arise and what new concessions will be made as more and more people seek to be covered by the system? Plainly, our trouble is that we are attempting to maintain the fiction of a contributory insurance system, because we need to superimpose upon it a general pension system for everybody, because that brings in more votes. Furthermore, this idea, is a complete overhaul of the present system upon a pay-as-we-go basis eliminating the present discrimination between populations. As a prerequisite to this complete overhaul, we need a thoroughgoing and impartial examination and study of the field by qualified and nonpartisan experts who can devote their full time to a complete and unbiased survey. Strangely enough, this has never been done. Until it is done, however, and the groundwork for a sound, equitable, and workable program is laid, we shall continue to be plagued with this unfairness to the present system, and we shall continue to thrust our burdens onto the backs of our children and our children's children.

I am not submitting my motion to recommit on the basis of those general and basic defects of the legislation.

My second purpose is to try to call attention to just one of the inequities created by the conference. I am under no illusion that this inequity will be corrected by my motion. I am under no illusion that my motion to recommit will carry. This inequity taken by itself may be an inequity, but it is a basic defect of the legislation, because it will continue to thrust our burden onto the backs of our children and our children's children. Since those under retirement systems in other States insist on being excluded, it is not necessary to make them reenroll now. However, no harm whatsoever would be done to these employees throughout the country if this exclusion were modified so as not to be applicable to the Wisconsin retirement fund.

Wisconsin is the only State which has framed a retirement system for State, county, and municipal employees which has as its foundation complete integration with social security. This was done as follows: If the law establishing the Wisconsin retirement fund since it was first enacted in 1943. Therefore an amendment providing that such exclusion of existing systems would not be applicable where the law already provided for integration would affect only the Wisconsin retirement fund and would be applicable elsewhere in the country. Such an amendment could read "unless the State or political subdivision by which such retirement system was established before the 1943 law enacting the Wisconsin retirement fund the same as the many persons in private employment who are both under social security and a supplementary system, Wisconsin would be materially rated. Thus, a reduction in the amount of the payments to social security, but the aggregate annuities from both systems would substantially exceed the annuity payable from the Wisconsin system only.

If the same benefits provided under the Wisconsin system as would be available from integration with social security, the cost to the public employee, and the taxpayer in Wisconsin would be increased. However, these persons would have to underwrite social-security benefits to citizens generally, and we must do that ourselves to provide the same benefits for ourselves.

The SPEAKER. The time of the gentleman from North Carolina (Mr. BYRNE) has expired.

MR. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members who have five legislative days in which to extend their remarks at this point on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

MR. EBERHARTER. Mr. Speaker, the so-called Knowland amendment is an attempt to destroy the uniform and fair administration of the Federal-State unemployment compensation system.

I am quite sure that if the House could adequately debate this amendment it would be overwhelmingly rejected.

SOCIAL SECURITY AND OLD-AGE PENSIONS

MR. NOLAND. Mr. Speaker, the House today is enacting one of the most notable pieces of legislation which has been before the Eighty-first Congress. The new social-security bill makes great strides in improving social security benefits for the millions of wage earners of this country.

One of the greatest improvements is the fact that 10,000,000 more workers are brought within the coverage of the provisions of this legislation. In addition, self-employed persons may now be eligible for social security benefits. Of course, this is with the exception of members of various professions who do not wish to be covered. The self-employment tax may now be paid by self-employed persons at the rate of 1% times that of the regular contribution, and thereby avail themselves of social-security benefits.

This bill also provides an increase in benefits to those who are receiving benefits at the present time. This benefit increase has been increased from $85 a month to $150 a month.
A retired worker is entitled to 50 percent extra when his wife reaches 65. He is also entitled to 75 percent for his first child under 18 years, and an additional 50 percent for each additional child. A worker's widow receives 75 percent of the benefits her husband would have received.

Even with the passage of this increased social security legislation, the problem of old age security is still an extremely pressing one because of the millions of older citizens in our Nation who have never had an opportunity to work in social security-covered employment.

Recent studies show that those persons 65 or over number approximately 11,500,000 in 1950, and constitute about 7.7 percent of the population. Fewer than 20 percent of those now 65 and over are financially independent, and the pensions or charitable allowances are lower than the minimum amount set in law required to maintain them in good health.

The President of the United States has called a Nation-wide conference for this month on the problems of our aged citizens. The Federal Social Security Administrator has said, "the nub of the problem is not so much that of adding years to life as that of adding life to years."

From my own experience during the many tours which I have made of the Seventh District, I have talked with great numbers of our elderly citizens who are receiving very small pensions under the Federal Social Security system. He has said, "the nub of the problem is not so much that of adding years to life as that of adding life to years."

Private pension plans, which are spreading at a rapid rate, are pointing the way to a universal old-age pension. Today pensions are provided for members of the largest labor groups, such as miners, steel workers, and the automobile workers. Government officials and employees may obtain pensions on a contributory basis. A minority of the old-age pensions are non-contributory and are paid by the company concerned.

The miners' pension has been of great benefit to my own district in southern Indiana. It is a wonderful thing to many of our Seventh District residents. However, the people are fully cognizant that they and their families are helping to provide these generous pensions to the very segments of our national economy. Anyone today who buys coal, an automobile, or any steel product is providing part of the pensions for the workers. I ask you whether it is any wonder that the industry and those generally interested in a good pension which will enable them to maintain a reasonable standard of living in which they can enjoy an independence in old age? I strongly feel that action should be taken to meet the needs of these older retired citizens who have never had an opportunity to be covered by social security. If it is possible for them to retire from their jobs without being subject to hunger and want, they will naturally make positions available for younger people. An old-age pension system would do a great deal to maintain a high national income and distribute purchasing power throughout the Nation.

The real answer to this problem as I see it, and that is a Federal old-age pension to take the place of old-age assistance. It would reduce the administrative costs which derive from the case-work that would make these amounts available for payment of pensions. In addition, a Federal system would provide for uniform payments in all of the States and would remove the discrepancies whereby some States pay an average of $20 a month and others pay an average of $75 per month in old-age assistance.

It would be better to try to eliminate such objectionable features as the old-age lien law in Indiana which tends to penalize those who saved during their working years so that they can have an opportunity of retirement. Laws such as this discriminate unfairly against the persons who have been thrifty in the period of their earning power.

Certified Members of the House have recommended a program which would be extremely helpful to the elder citizens of our country. This plan provides $112 a month, paid to any citizen 60 years of age or older who does not have an income sufficient to require the filing of a Federal income tax. Such a plan would be very easy to administer, would be easy to check, and would eliminate altogether the case-workers which make the administrative costs of the present system so high. I am firmly in favor of a plan which will provide our elderly citizens with a good living.

Our social-security system is a step in the right direction for those persons who have had an opportunity to work in covered employment. It is up to us to continue to work to meet this problem of our aged citizens who do not come under the provisions of this law.

Mrs. WOODHULL, of H. R. 600 deals with improvements in the old-age and welfare programs of the social-security law. The Knowland amendment has no place in this bill. It was not in the House bill. It was opposed by the Senate committee introduced on the floor, debated for 10 minutes with only 2½ minutes for the opponents. The House Ways and Means Committee has recently appointed a subcommittee to review the unemployment-compensation sections of the social-security law. If the Knowland amendment is to be considered that is where it should be brought. We should not be diverted from H. R. 6000 now, before us.

The Washington Post in an editorial, July 16, 1950, quoted an opponent of this amendment as saying, "It would destroy the Federal minimum requirements in the program which has been created by Federal legislation," and added, "as a matter of fact, that appears to be the real purpose of the Knowland amendment which is backed by various west-coast employers associations." In brief, the Knowland amendment would enable a State unemployment compensation commissioner to use unemployment insurance to meet the Federal minimum prevailing wage rates and for breaking strikes.

This is not fanciful thinking. In recent years two Western States have been forced by the Secretary of Labor to modify their rulings in regard to payments of unemployment insurance to members of a union other members of which are on strike. This is the immediate factor behind the Knowland amendments. The Secretary has not used his power capriciously. Differences have been settled by negotiation between the State and Federal officials.

The Secretary acts under authority in the Social Security Act of 1935 and of the Internal Revenue Code. The social-security law requires that every State shall require employers to file statements certifying that all employees have received, and pay an average of $75 per month in old-age assistance.

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The Knowland amendment substitutes "amended its law" for "changed its law," "changed" has been interpreted to indicate administrative rulings and practices at State levels which served to avoid the intent of Congress. "Amend" would require action by the State legislature.

Under the Knowland amendment the State law may be found to meet the Federal requirements. Thereafter, unless the State law has been amended in accordance with Federal laws, there can be no finding by the Secretary of Labor that the State law does not conform to the conditions necessary to enable employers to secure credit against the Federal tax. The State has passed on the question. We all realize that an interpretation of the State law by those administering it can result in important changes. Under the Knowland amendment the employee aggrieved by the decision of the Administrator is not, by administrative ruling having to bring suit and the case cannot be brought to the highest State court before the Secretary of Labor could act to hold a State out
of compliance. This amendment reversed the accepted legal procedure whereby Federal administrative review operates before court action is initiated.

True, after the court decision the Secretary may proceed just as he would today. But the decision has been based on the interpretation of the State law. But meanwhile many months might well elapse and the administrative ruling would continue in effect.

Thus this amendment would make possible 51 different programs of unemployment insurance. It would destroy the nationally uniform Federal minimum requirements of the program which was created by Federal legislation. With our mobile labor such uniformity is essential to the successful working of the program.

The intent is obvious: To cause delay and by indirection to strike at labor through the unemployment compensation program which Congress established to aid labor and to help stabilize our entire economic structure. This in a manner is striking at the stability of our whole industrial organization. Today we are all interdependent. No one group can be hurt without all suffering. Only the sighted endeavor, as via the Knowland amendment, to gain a temporary special advantage for it means a long-time general loss. The amendment should be deleted.

The House Committee on Ways and Means did an excellent job in incorporating in H. R. 6000 a system of permanent and total disability insurance. It is unfortunate that our conference permitted it to be struck out of the bill.

The old-age and survivor's insurance system does not cover the problem of those who become permanently disabled before they reach the normal age of retirement. There are some 2,000,000 such unfortunate persons in our country. Many of them have been in covered employment and have made substantial social-security payments. Yet the system does not cover the problem of those who become permanently disabled before they reach the normal age of retirement. There are some

Mr. BLATNIK. Mr. Speaker, the conference report on H. R. 6000 represents a definite defeat for the House. The House managers gave in to the Senate on almost every important point.

The major retirement programs for Federal, State, and local government employees, railroad workers and private employers contain provision for premature retirement because of disability. The House bill sections providing protection in case of permanent disability should be returned to H. R. 6000.

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The House managers gave in to the Senate on almost every important point.

The first of the provisions on which our managers gave in is permanent and total disability insurance, H. R. 6000 as passed by the House contained two provisions for the permanently disabled: Insurance and public assistance, neither of these was enacted by the Senate. The Senate managers accepted public assistance for the disabled, but not insurance. In other words, a worker who becomes a permanent invalid at 45 must go on relief for 20 years before he can receive any benefits. The Senate let itself be talked out of providing invalidity insurance by the slick tongues of the insurance-company actuaries, who claimed it could not be administered. But we have been providing disability benefits as a part of our civil-service retirement system for years and no one has ever complained about any abuse. Permanent disability insurance has been provided for railroad workers, and no one claims it has not been successfully administered. The House should insist that the workers who are totally disabled by sickness or accident before their time should be protected by insurance and not merely by relief.

The second important feature on which the managers receded was the proposed increases in the Federal share of public assistance payments approved by the House. These increases were designed to help the poorer States, and to recognize the fact that public assistance payments are inadequate, but can do nothing about it for lack of resources.

Under the House provisions, payments to dependent children would have been increased about $5 a month in the Southeast, even though the States were unable to put up any more money. When it is realized that average monthly payments range from $18 to $23 in the South, the desperate need of the aged and the blind in these States for these increases needs no argument. Also, under the House provisions, the Federal share of payments to dependent children would have been increased. And more important, the widowed mother or other relative caring for the child would have received Federal assistance, where today she must live on the meager aid given her children. Throughout the country this would have resulted in an average increase per family of about $19, an increase of about 50 percent in the South. With prices rising and assistance already inadequate in many States, these increases are desperately needed. Again the House managers should be instructed to hold out for the increased public assistance payments the House voted.

Finally, the House conference accepted a rider to the bill, the so-called Knowland amendment, that will undermine the security for the unemployed and now backed up by the Federal provisions on unemployment insurance. This dishonest amendment, plausible on its face, would make it virtually impossible for the Federal Government to meet the standards required by Congress in unemployment-insurance laws. This amendment was added by the Senate on the floor after the Senate Finance Committee had voted that morning to oppose it. Mysteriously, between 12 and 4 o'clock on the day the amendment was voted on, the majority of the Finance Committee switched their votes. It would be well worth investigating what caused that switch. Only 2 1/2 minutes after the amendment was permitted and its proponents so misrepresented it that those who voted for it did not know what they were voting for. I am informed that the eminent senior Senator from Ohio, when he really looked at the amendment in conference, admitted that it was so ambiguously worded that he was willing to consider a substitute amendment. The House has had no opportunity to consider this amendment. There have been no hearings on it. It is poorly worded and thoroughly vicious. The House should be instructed to reject it.

Because of these three totally unsatisfactory decisions by the House conference, the House should reject the conference report and instruct our managers to hold out for permanent and total disability insurance, and higher public assistance payments, and reject the Knowland unemployment-insurance amendments.

REASONS BEHIND KNOWLAND AMENDMENT—WASHINGTON AND CALIFORNIA HEARINGS

Mr. CHRISTOPHER. Mr. Speaker, there is not any doubt that the Knowland amendment was prompted by the dissatisfaction of employers with the labor standards set by Congress in section 1603 (a) (5) of the Internal Revenue Code. These standards were previously explained and require the law of the State to provide that compensation shall not be denied to individuals who refuse to accept new work vacant on account of a labor dispute or at working conditions substantially less than those prevailing or where a yellow-dog contract is made a condition of employment. If the law is interpreted in a manner consistent with the House conference's amendments, the employers in this area, the State finds itself in conflict with the congressional standards.

Decisions of the highest administrative authorities in both California and Washington involving the denial of benefits to several hundred workers were called into question by the Secretary of Labor in December 1943 because, after conferences with the State authorities, it appeared that these decisions conflicted with the standard relating to denial of benefits to those refusing new work on account of labor dispute. These decisions had all become final and there was no possibility of appealing them to the State courts.

Washington: In the construction industry in Washington the Washington agency denied benefits to 269 carpenters in Spokane who were unemployed before a strike involving their union caused vacant jobs in that area. The benefits were denied on the ground that these men would have been employed in the vacant jobs. The theory was that, since these workers, if and when employed, would be working as union carpenters under a yellow-dog contract, the some contractor after referral to the job by the union agent, these circumstances made all work in the industry old work instead of new work. Hence the State
thought the prohibition respecting new work in the standards set by Congress should not apply. The same result was reached respecting workers previously employed in the maritime industry and who were on the beach at the time of the 1948 west coast maritime strike. But the construction was contrary to the clear intent of Congress and because any work for completely unemployed workers is new work to them, the Secretary of Labor, after a notice and a hearing, ruled that this provision of the Washington law was in conflict with the standard of the Internal Revenue Code. The Washington agency then reversed its position and the commissioner stated that inconsistent with the Washington law meant the same thing as the Federal law. Thereafter the State was certified for tax-credit purposes.

California: Unemployed seamen who were on the beach at the time of the west coast maritime strike of 1948 were held by the California Appeals Board not to be entitled to benefits even though their separation from previous employment had been referred with the labor dispute. Here, again, the conclusion was that men in this category would have been employed in due course in the vacant jobs if the strike had not happened because they had been deferred to by the union agent at the hiring hall under the collective agreement. The appeals board concluded that work in the industry was their work rather than new work for these men. Consequently, no effort was made to meet the standards set by Congress.

Hearings were called by the Secretary of Labor under the Federal Revenue Code—only after conferences with the Appeals Board and its staff—on the same basis as in the case of Washington. During the hearings the California Department of Employment discovered for the first time that all of the workers under these decisions actually had been employed at the time of the strike and actually left work on account of the strike. The appeals board explained that its decision was moot on the point of conflict, was not a precedent, and did not express the California law. The hearing was terminated, the decisions reversed, and the applications considered to have been satisfactorily explained, and California was never out of line with congressional standards at any time. Certification for tax-credit purposes followed on November 31, 1949.


effort to set up labor standards

Looking at these Washington and California hearings, there is no question concerning the appropriateness of the action taken regarding the recent provisions of the Washington law. In the court's subsequent hearings appears, completely and emphatically confirmed the decisions as expressing the state of the law in the two jurisdictions. The evidence seemed clear that for every purpose at that time the law of the State was contained in the decisions of the Commissioner of Washington and the California Appeals Board. It was only after having taken these prior steps that the hearings were called, and even then the State of California was, on the basis of further information, found to be in conflict from the congressional standard. These hearings were held in the manner required by the Federal Administrative Procedure Act and were entirely appropriate in this respect.

As an aftermath of these hearings the Pacific American Shippers Association, the San Francisco Waterfront Employers Association, and the come from powerful financial interests which have fought social security from its inception, is a denial of benefits contrary to Federal law. The decisions had become final and there was no opportunity for the courts to consider the matter. If the applications were denied on the basis that it was at least a start in the right direction although inadequate in its provisions. The present bill, although it does not go as far as I would like, yet it goes far beyond the original law and can be looked upon as a great achievement. The law does not begin to approach what I should like, but the experience of the past has led to the present improvement in social security is the very heart and the very core of the so-called welfare-state program. Nevertheless it is popular with a majority of the people of the Nation, despite its false labels and the scare propaganda which has been spread to discredit it.

Today nothing can illustrate its popularity better than the record vote on this legislation in the Eighty-first Congress. The most bitter opponents of this so-called welfare-state legislation are now on the band wagon. They still prate about the welfare state, they still spread false fears, but when the chips are down and when the showdown comes they vote for this far-reaching welfare-state legislation.

But we are no longer fair-weather friends are riding the bandwagon they don't hesitate to throw the monkey wrench around. That is why we have the Knowland amendment. It has no place in this bill. Its purpose is to use the popularity of social security to undermine our unemployment insurance system. It seems to me that the supporters of the Knowland amendment are not in sympathy with either social security or unemployment insurance. I believe this bill should be sent back to the conference committee.

Mr. WOLVERTON. Mr. Speaker, it is with pleasure that I give my support to the conference report amending the Social Security Act. It is, regrettable, however, that the so-called Knowland amendment was included. This, in my opinion, should not have been done. It was brought by the friends of labor and justifiably so. However, in other respects the amendments provide an improved social security law that will prove highly beneficial to the people. The original Social Security Act was adopted in 1938. I voted for the bill at that time because it seemed the best that could be gotten. I realized from the beginning that the benefits were greatly inadequate to provide the kind of security that the workers would need and was entitled to have in this or her retirement. Through the years that have intervened I have time and again spoken of this inadequacy and urged enactment of legislation that would deal more generously with retired workers and the handicapped who came within its provisions. The support of the first bill was given upon the basis that it was at least a start in the right direction although inadequate in its provisions. The present bill, although it does not go as far as I would like, yet it goes far beyond the original law and can be looked upon as a great achievement. The law does not begin to approach what I should like, but the experience of the past has led to the present improvement, so, with confidence, we can expect the future will bring additional benefits, and, cover an increasing number of workers in occupations not now included within its provisions. I look forward to that day and trust it will not be long delayed.

The conference report, presented by Chairman Doughton, deals primarily with four main programs, as follows:

First, the Federal old-age and survivors insurance program.

Second, Federal grants to the States for public assistance to needy persons.

Third, Federal grants to the States for maternal and child health, crippled children, and child-welfare service.

Fourth, the Federal provisions relating to State unemployment insurance systems.

FEDERAL OLD-AGE AND SURVIVORS INSURANCE

With respect to Federal old-age and survivors insurance the conference report extends coverage to about 10,000,000 additional persons who have been covered in this group are nearly 5,000,000 self-employed persons; about 1,000,000 domestic employees; 850,000 regularly employed farm workers; 1,500,000 employees of State and local governments not covered under unemployment insurance; 600,000 employees of nonprofit organizations; 400,000 persons employed in Puerto Rico and the Virgin Islands; and about 200,000 Federal civilian employees not covered under a retirement system. The conference report therefore takes a long step toward the goal of universal coverage under the insurance system of all persons who work for a living.
Benefits are liberalized very substantially in the conference agreement. For those persons who have already retired and for widows and orphans already on the rolls the average increase in benefits will be about 15 percent. For future beneficiaries the increase in benefits will be more than doubled. The conference report therefore is a major contribution toward meeting the benefits of the insurance program more adequately.

The conference report greatly liberalized the eligibility for insurance benefits so that many persons now 65 or over will be able to become beneficiaries immediately, and many persons close to 65 will be able to qualify for insurance benefits much more quickly.

The conference report provides for the payment of benefits on a more liberal basis to the surviving children of married women. Benefits for dependent husbands of deceased or retired women workers are added to the law.

The conference report provides for a lump-sum payment to be made at the death of every insurance worker. This should help very materially in making it possible for the family of the deceased worker to meet medical bills and funeral expenses of the deceased person.

The most important provision in the conference report is the provision for the revision of the retirement test under which a beneficiary may earn in covered employment without loss of benefits $50 a month instead of $14.99, and also receive full benefits at age 75 regardless of the amount of earnings.

The conference report provides for giving World War II veterans wage credits under the insurance system of $160 per month for the time spent in service.

The conference report provides that the benefit increases for persons now on the benefit rolls will be effective for the month of September 1950. The effective date for new coverage provisions is January 1, 1951.

PUBLIC ASSISTANCE

The conference report provides for increasing Federal funds to the States for public assistance. On a full-year basis it is estimated that the conference report will provide an additional one hundred and fifty to two hundred million dollars Federal aid to the States annually for public-assistance purposes.

The conference report provides for the establishment of a new category of Federal grants to the States of assistance to needy permanently and totally disabled persons.

Provision is also made for increasing the Federal share of expenditures for aid to dependent children by including one adult relative in a family as a recipient for Federal matching purposes.

The conference report authorizes Federal grants to the States for direct payments to hospitals, doctors, and other persons or institutions furnishing medical care. Provision is also made for the Federal Government in sharing the cost of assistance to needy aged and blind persons in public medical institutions.

The conference report makes a number of amendments to the blind assistance program. The existing law is amended to disregard earned income up to $50 per month of recipients of aid to the blind.

MATERI NAL AND CHILD HEALTH, CRIPPLED CHILD, AND CHILD WELFARE

The conference report provides for an increase of $19,500,000 a year for maternal and child health and child-welfare services. These additional amounts should help crippled children particularly and also help the States to meet the problem of diliruent children.

CONCLUSION

This is but a brief summary of the new social-security law, but it is sufficient to justify my statement that the enactment of this legislation will constitute a great advance in our social-security system. It has been a real pleasure to have had a part, first in establishing a social-security policy for our Nation, and, second, to have had a part in providing the improvements to that act that this legislation makes possible.

The SPEAKER. All time has expired. Mr. DOUGHTON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered. The SPEAKER. The question is on agreeing to the conference report.

Mr. BYRES of Wisconsin. Mr. Speaker, I offer a motion to reconsider.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. BYRES of Wisconsin. I am, Mr. Speaker.

The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BYRES of Wisconsin moves to recommit the conference report on H. R. 6000 to the committee of conference with instructions to the managers on the part of the House to incorporate in the conference report the following provision:

On page 49, paragraph (d) of section 106 of the conference report out the period following the word “group” and add the following: “Unless the State statute by which this plan is established contains a specific provision in effect on January 1, 1950, requiring that whenever any employee subject to the old-age and survivors insurance benefit provisions of Federal law any contribution shall be reduced by the amount of the contribution made by such employee pursuant to such provisions of Federal law.”

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

Mr. LYNCH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LYNCH. As I understand the situation, the gentleman from Wisconsin (Mr. BYRES) having made a motion to recommit, and the previous question being put, if the motion for the previous question is not adopted, an amendment to the motion to recommit is my understanding correct?

The SPEAKER. If the motion for the previous question is not adopted, an amendment to the motion would be in order.

The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. LYNCH) there were—ayes 121, noes 106.

Mr. LYNCH. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken, and there were—yeas, 185, nays, 186. Answering "present" 1, not voting 55, as follows: [Votes No. 211]

YEAS—188

Abbot, Hall, Murray, Tenn.
Abrahams, F. H., Leonard W., Nicholson
Allen, Calif., Haleck, Nicholson
Anderson, Idaho, Hand, Nix
H. Carl, Harned, Norrell
Anderson, Calif., Hardy, O'Konski
Andrews, Arizona, Harrison, Pech
Arends, Utah, Harvey, Peone
Auchincloss, Mass., Hayes, Parnman
Bates, Mass., Hayes, Parmenter
Bonner, Arkansas, Hoffman, Paschke
Boyce, Oregon, Holmes, Prestton
Brantlett, Michigan, Illinois, Hopkins, Rich
Browne, Ohio, Jones, RIchards
Bryson, Minnesota, Kansas, Raines
Burton, Washington, Indiana, Ramse
cotman, Wisc., Iowa, Ramsey, Rogers, Fla.
cotman, Wisc., Oregon, Sand, Sankbarn
Jennings, S. Dak., Scott, Hardie
Kimball, Wyoming, Scrivner
Crawford, Arizona, Scudder
Duggleby, Arizona, Shafer
Curtis, Kentucky, Siddle
Davis, Ga., Kansas, Simpson, Ill.
Davies, Mine., Kunkel, Simpson, S. Dak.
Davis, Wash., LeCompte, Smith, Wis.
Deane, Wash., LePere, Smithley, Mo.
Dolliver, Iowa, Annandale, St. George
Dosadero, Utah, Anderson, Sanborn
Doughton, Nevada, Anderson, Scott, Hardie
Ellsworth, Maine, Anderson, S. C., Anderson
Elson, Calif., McConough, Sullivan
Elefants, Calif., McConough, Veide
Fellows, Montana, McGovern, Veide
Fenton, Montana, Meathelein, Veide
Fisher, Missoula, S. C., Vorse
Ford, Utah, Mack, Wash., Veide
Fugate, Idaho, Macy, Wheeli
Gamble, Utah, Mahon, Wheeler
Gary, Indiana, Martin, Whitten
Cavalcante, Mass., Martin, Iowa
Gavin, Missouri, Mass., Martin, Iowa
Goodwin, Kentucky, Mass., Martin, Iowa
Gossett, Missouri, Mass., Marten, Iowa
Hanna, Miss., Michigan, Wilson, Ind.
Hannah, Wisc., Miller, Md., Wilson, Tex.
Grant, Missouri, Miller, Nebr., Wood
Guill, Missouri, Mills, Wood
Gwinn, Missouri, Montgomery, Wood
Hale, Mississippi, Montoya, Wood
Hale, N. Y., Morton, Wood
Hale, Calif., Morton, Wood
Hale, Calif., Morton, Wood
NAYS-186

Addison, N. Y., Buckley, N. Y.
Adderson, N. J., Burdick, Doyle
Adler, New York, Burdick, Doyle
Allen, California, Burnside, Doyle
Angel, California, Byner, N. Y.
Aspinall, California, Byner, N. Y.
Bailey, Caifornia, Byner, N. Y.
Baring, Caifornia, Byner, N. Y.
Bates, California, Byner, N. Y.
Beall, California, Byner, N. Y.
Beckwith, California, Byner, N. Y.
Bennett, Michigan, Byner, N. Y.
Biemiller, California, Byner, N. Y.
Bishop, California, Byner, N. Y.
Blatnik, California, Byner, N. Y.
Boggs, Wisc., California, Byner, N. Y.
Boling, California, Byner, N. Y.
Bolton, Md., Connell, Byner, N. Y.
Boyce, Oregon, Connell, Byner, N. Y.
Brooks, Oregon, Connell, Byner, N. Y.
Buchanan, Ohio, Connell, Byner, N. Y.
Buckley, Ohio, Conwell, Byner, N. Y.
Buell, Ohio, Conwell, Byner, N. Y.
Burnside, Oregon, Conwell, Byner, N. Y.
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Mr. Mahon changed his vote from "nay" to "yea."

Mr. CUNNINGHAM. Mr. Speaker, I have a live pair with the gentleman from Ohio, Mr. Sargent, who voted "nay." If the gentleman from Ohio were present, he would have voted "yea." I therefore withdrew by vote and answer "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on agreeing on the motion to recommit.

Mr. KEATING. On that, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused. The motion to recommit was rejected.

The SPEAKER. The question is on agreeing to the conference report.

Mr. DOUGHTON. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered.

The question was taken; and was yeas 374, nays 1, not voting 55, as follows:

The Clerk announced the following pairs: thstoe:Bemilegnthsvt:Benle
Until further notice:
Mr. Carroll with Mr. D'Ewart.
Mr. Dingell with Mr. Keefe.
Mr. Pickett with Mr. William L. Pfeiffer.
Mr. Morrison with Mr. Cole of New York.
Mr. Williams with Mr. Talle.
Mr. de Graffenried with Mr. Stefan.
Mr. Breen with Mr. Hoeven.
Mr. Gregory with Mr. Johnson.
Mr. Quinn with Mr. Gillette.
Mr. Redden with Mr. Boggs of Delaware.
Mr. Gore with Mr. Barrett of Wyoming.
Mr. Hare with Mr. Latham.
Mr. Barden with Mr. Smith of Kansas.
Mr. Davies of New York with Mr. Murray of Wisconsin.
Mr. Winstead with Mr. Potter.
Mr. Steed with Mr. Blackney.
Mr. Dawson with Mr. Engel of Michigan.
Mr. Lyle with Mr. Edwin Arthur Hall.
Mr. Sadowski with Mr. Eaton.
Mr. Durham with Mr. Hugh D. Scott, Jr.
Mr. Vinson with Mr. Short.
Mr. Walsh with Mr. Hinshaw.
Mr. Eulwinkle with Mr. Wolcott.
Mr. White of Idaho with Mr. Werdei.

The result of the vote was announced as above recorded.
A motion to reconsider was laid on the table.
MESSAGE FROM THE HOUSE

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child-welfare provisions of the Social Security Act, and for other purposes.
Mr. GEORGE obtained the floor.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. MAYBANK. I wonder whether the Senator desires that I suggest the absence of a quorum. I shall abide by the wishes of the Senator from Georgia.

Mr. GEORGE. I do not believe it is necessary to call a quorum, inasmuch as it may take some time to develop one. I hope the Senator will withhold his suggestion.

Mr. MAYBANK. Mr. President, I withhold my suggestion of the absence of a quorum.

Mr. GEORGE. Mr. President, I submit the conference report on House bill 6000, Social Security Act amendment of 1950, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The report was read.

Mr. GEORGE. Mr. President, I was about to ask the Senator a question, but one of my colleagues has just given me information which may answer the question. I wondered if the Senator from Georgia did not think it necessary to have a quorum called. I would suggest to the able Senator that Senators on this side of the aisle are most interested in the report, not that they are opposed to the report, but they would like to hear the Senator's explanation, and if he would permit a quorum call, I should like to get Senators to the floor if possible.

Mr. GEORGE. I have no objection. It would merely delay action. The distinguished Senator from South Carolina (Mr. Maybank) offered to call a quorum, but I suggested it would merely result in delay.

Mr. WHERRY. Mr. President, I will not delay action on the report. Several Senators have said they would like to be here when the conference report was laid before the Senate.

Mr. GEORGE. If the Senator feels he should call a quorum on that account, I yield for that purpose.

Mr. WHERRY. I do not think I would want to have it on that basis, because it is not because Senators oppose the report, but they wanted to get the information the Senator would impart in his remarks. I shall not call for a quorum at this time.

Mr. GEORGE. Mr. President, the tax schedule in the conference agreement is designed to make the program self-supporting so as to avoid the necessity for appropriating funds to the system out of general revenues.

I shall summarize very briefly the major provisions of the conference agreement that differ from those contained in the bill as passed by the Senate.

OLD-AGE AND SURVIVORS INSURANCE COVERAGE

The conference agreement extends coverage to substantially the same number of persons as under the Senate-passed bill, namely, ten million.

Nonprofit and religious institutions: The principal change made as to coverage relates to employees of nonprofit organizations that are exempt from income tax under section 101 (6) of the Internal Revenue Code. The bill as passed by the Senate provided compulsory coverage of employees of nonprofit organizations not owned or operated by a religious denomination. Employees of religious organizations were to be covered on a voluntary basis at the option of the employer.

The House-passed bill provided compulsory coverage of employees of nonprofit and religious organizations, but granted an exemption as to the employer's share of the tax. Unless the exemption were waived by the employer, only the employees would be required to make contributions to the system, resulting, of course, in a decrease of benefits received.

Under the conference agreement employees of all nonprofit and religious organizations, including those exempt from income tax under section 101 (6) of the Internal Revenue Code, may be extended coverage on a voluntary basis. For these employees to be covered the organization must file a certificate stating it desires coverage for its employees and that two-thirds of the employees concur in the filing of the certificate.

A very serious question was presented to the conference committee, namely, whether or not it would be valid to leave it to the employing corporation to decide for its employees, and thereby subject its employees to tax.

I repeat, under the conference agreement employees of all nonprofit and religious organizations exempt from in-
come tax under section 101 (6) of the Internal Revenue Code may be extended to nonprofit hospitals. For these employees to be covered, the organization must file a certificate stating it desires coverage for its employees and that two-thirds of the employees concur in the filing of the certificate. Then, the employees so concurring would be afforded the protection of the system. Moreover, employees engaged by the employer after the certificate became effective would also be covered.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. Does that mean that hospitals which are operated on a charitable basis, which are incorporated for non-profit purposes, would come within the provision the Senator has just described?

Mr. GEORGE. I think so. I believe there is no doubt about that.

Mr. THYE. Does the Senator, if I understand the Senator correctly to say that agricultural cooperatives also were included?

Mr. GEORGE. No; cooperatives are not included. The Senator from Massachusetts was asking about nonprofit hospitals, under section 101 (6). This provision does not refer to cooperatives.

Mr. WATKINS. There is another section dealing with them, is there not?

Mr. GEORGE. Yes; there is.

Mr. SALTONSTALL. If the Senator will further yield, what about nonprofit colleges, schools, and institutions of that character?

Mr. GEORGE. They are treated exactly as hospitals are. They are covered precisely on the same basis.

Agricultural workers: Under the bill as passed by the Senate about 1,000,000 agricultural workers, of whom 600,000 are regularly employed workers on farms, would have been covered by the system. The conference agreement makes no change as to coverage of the 200,000 unskilled or marginal agricultural workers, as they are termed, engaged in processing agricultural commodities off the farm. As to regularly employed workers on farms the conference agreement reduces the number covered from 800,000 to about 650,000 by imposing a somewhat more restrictive definition of regular employment.

Under the Senate bill an individual would have been deemed to be regularly employed and to be covered by the system if he worked for one employer at least 60 days and earned $50 or more in a calendar quarter. The conference agreement modifies the provisions in the Senate-passed bill so as to cover an employee on a farm only if he has (1) worked for his employer on a full-time basis for at least 60 days in the preceding calendar quarter, and (2) worked continuously for the same employer throughout the preceding calendar quarter.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I yield.

Mr. THYE. 'We should interpret that to be 6 months; that would be 6 months' time the worker would actually be employed. Instead of this, would the Senator be for it, that it be extended so that the worker would be entitled to coverage that under the conference report, to be covered in that second consecutive quarter of coverage, there shall have to be 60 full days of employment?

Mr. GEORGE. That is correct. What most concerned the conference committee, or members of the committees, was that a worker might work part time on the farm, and then go into town to a shop and finish up his work. He could work a part of the day, under present high-wage rates, and could easily earn $50 or more per quarter. So it was meant to be stated as clearly as we could by this provision that he must be a regular employee on the farm, and he is not required to put in a full day's time, because weather conditions and other things may interrupt, but that must be his regular employment, and the requirements for coverage in that second quarter of coverage, in working for the same employer, to bring the workman under the coverage provisions of the bill for that quarter.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. GEORGE. I yield.

Mr. HOLLAND. Mr. President, will the Senator yield for a further question?

Mr. GEORGE. Yes.

Mr. HOLLAND. With reference to the second quarter of coverage, which is, of course, the third quarter of employment, and the requirements for coverage during that second quarter of coverage, as now stated under the conference bill, did I understand the Senator to say that one of the conditions for coverage in that second quarter of coverage is continuous employment during the first quarter of coverage by the employee for the same employer or would it be only 60 days' employment during that first quarter of coverage serve to qualify him?

Mr. GEORGE. I believe this is the correct statement: He must have worked for his employer on a full-time basis for 60 days in the preceding calendar quarter, the first quarter of coverage, and, second, he must have worked continuously for the same employer throughout a former or next preceding calendar quarter which was the qualifying quarter. It was insisted by the House conferees that for one to become eligible under the Social Security Act he must have been a regularly employed workman for one quarter, and in the second quarter, in which he could first qualify for coverage, he need work only 60 days on a full-time basis; that, as distinguished from a part-time or job worker; and he must have earned $50 or more in that second quarter. There is no requirement as to his current quarter.

Mr. HOLLAND. May I ask the Senator: Is there any requirement for the structures for the table to match the given data?
number of days he must have worked in the second quarter to qualify him for coverage?

Mr. GEORGE. In the second quarter.

Mr. HOLLAND. Yes, in the second quarter.

Mr. GEORGE. Sixty full days, yes. That is to say he must have been ready, and would have experienced only occasional interruptions as occasioned by providenti­al interventions or causes; he must have been there for sixty days within the ninety-day quarter. In the second quarter he must have been regularly employed on a full-time basis for sixty days.

Mr. HOLLAND. Is it correct to say then that the provisions of the conference report, in particular, for the farm workers, in the bill are less generous to the employee than the provisions of the Senate bill?

Mr. GEORGE. That is correct. As it is I of course stated, they are more restrictive than the provisions in the original Senate bill. But I may say to the Senator that it was necessary in the conference to make this concession in order to cover any regularly employed farm worker. We had to make that concession.

Mr. HOLLAND. Will the Senator yield for one further question? I appreciate greatly the patience shown by the Senator.

Mr. GEORGE. I yield.

Mr. HOLLAND. Would the Senator outline, for the record, clearly the exact distinction now appearing in the conference report between the requirement for qualification, not for coverage, in the first of two consecutive quarters and the requirement for qualification in the second of those two consecutive quarters.

Mr. GEORGE. The two quarters might be roughly described as being identical in form and purpose. They are to be classified as employees if they are regularly employed for one hundred days in any quarter, or as we say in the bill, continuously, for one qualifying quarter, and in the second of those two consecutive quarters.

Mr. GEORGE. I am quite glad to be interrupted by the Senator from Florida.

Mr. HOLLAND. I thank the Senator.

Mr. GEORGE. I am quite glad to be interrupted by the Senator from Florida.

Although the conference agreement does not go quite as far as the Senate-passed bill in extending coverage to agricultural labor, the basic principle contained in the Senate bill of providing coverage at this time to the steadily employed workers on farms is retained. The limited extension of coverage in this area assures simplicity of administration for the farmer and should provide the necessary experience on which to base future decisions as to the extent that coverage of agricultural labor should be broadened.

Employees of State and local government: The Senate bill, providing for voluntary coverage of State and local employees not under a retirement system, of Federal-State agreement, were adopted by the conference committee. The conference agreement, however, does modify somewhat the provisions in the Senate bill for the extension of compulsory coverage to employees of certain publically owned transportation systems. The Senate bill provided compulsory coverage for all employees of publicly owned transportation systems, the whole or any part of which was acquired by a State or political subdivision after 1938. The conference agreement adopts the provisions of the Senate bill as the general rule to be applied if a State or political subdivision acquires a transportation system, or any part thereof, from private ownership after 1951, except that old-age and survivors insurance coverage would not be extended to employees of a transportation system who are covered by a general retirement system under which the benefits are protected from diminution or impairment by a State constitutional provision. Acquisitions from a private company after 1930 are to be governed by special provisions with which the benefits may need some revision as experience is gained in this new area of compulsory coverage.

Mr. SALTONSTALL. Mr. President, will the Senator yield at this point?

Mr. GEORGE. I am pleased to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I thank the Senator.

I believe that the distinguished chairman of the committee is somewhat familiar with the Boston metropolitan transit system about which I receive some correspondence. Does this conference report cover that system? The Senator.

Mr. GEORGE. The conference committee was advised that it does cover the Boston situation.

Mr. SALTONSTALL. I thank the Senator.

Mr. GEORGE. It seemed to cover that situation very well indeed; and the conference committee heard quite a good deal about Boston, Chicago, New York, and also Cleveland, let me say to the distinguished Senator from Ohio, whom I now see seated in the Chamber.

I repeat that the report does cover the Boston situation.

Mr. SALTONSTALL. I thank the Senator.

Mr. GEORGE. It seemed to cover that situation very well indeed; and the conference committee heard quite a good deal about Boston, Chicago, New York, and also Cleveland, let me say to the distinguished Senator from Ohio, whom I now see seated in the Chamber.

I repeat that the report does cover the Boston situation.

Mr. SALTONSTALL. I thank the Senator.

Mr. GEORGE. I may add that it seemed to cover quite completely the Chicago situation, also.

Mr. President, I have just referred to the special provisions, which perhaps may need later revision, governing acquisitions from a private company after 1950. If these special provisions do not adequately meet situations arising in the future, the Congress will have ample time to make any necessary modifications to protect the rights of the individuals under the old-age and survivors insurance system.

Definition of employee: The conference agreement retains the usual common-law rules for determining the employer-employee relationship, except for specified occupational groups. The so-called economic reality test, based on seven indefinite factors, as contained in the House bill, was rejected by the conference committee. Thus, the basic principles of the bill as passed by the Senate. The usual common-law rules realistically applied, and not the restrictive rules of a particular State, are to be used for the purpose of ascertaining whether an individual is an employee or is self-employed, except that individuals in the following occupational groups are to be classified as employees if they perform service under prescribed circumstances—which, of course, are set out in the conference report:

First. Full-time life-insurance salesmen;

Second. City and traveling salesmen engaged on a full-time basis in soliciting orders for their principals—except for salesmen engaged in distributing meat products, vegetable products, fruit products, baking products, beverages—other than milk—laundry or dry-cleaning services, for their principals; and

Fourth. Industrial house workers licensed under State law, and who work in accordance with specifications prescribed by their employers.

LIBERALIZATION OF BENEFIT PAYMENTS

The conference agreement retains the benefit formula as passed by the Senate, so that workers who retire with earnings in covered employment in six calendar quarters after 1950 may have their benefits increased as follows: 50 percent of the first $100 of the average monthly wage, plus 15 percent of the next $200.

Present beneficiaries, and other workers who retire in the future without having earnings in covered employment in six calendar quarters after 1950, will have their benefits increased 771/2 percent on the average over the level provided in present law. Under the bill as passed by the Senate, this increase would have averaged more than 85 percent, while under the House bill the average final increase was 50 percent.

Although this compromise does not provide for as high a level of benefits for present beneficiaries and those retiring in the near future as would have been provided under the Senate-passed bill, the long-range level of benefits will be substantially the same as under the Senate bill, because the afore-mentioned benefit formula will be used in most instances for persons retiring after June 30, 1952.

ELIGIBILITY

The provisions in the Senate-passed bill which greatly liberalized the eligibility requirements for older workers are
The conference agreement authorizes Federal grants-in-aid for the needy disabled, which were defeated on a yeas-and-nays vote by the narrow margin of 42 to 41. The conference agreement permits such an extension without an over-all dollar limit on annual Federal participation in costs. The Federal share is limited, however, to one-half the expenditures made to recipients of assistance. Moreover, the total Federal costs may not exceed $4,250,000 a year for Puerto Rico and $160,000 for the Virgin Islands. The Senate-passed bill made no provision for extending the public-assistance programs to those insular possessions of the United States. The bill as passed by the conference committee was advised that if the extension be made, there are now receiving an average of only $20 per month, as their benefits are computed on a basis of a formula adopted more than 10 years ago, which was geared to prewar wage and price levels. Under the conference agreement these beneficiaries will receive an average of $45 per month beginning with the payments for the month of September.

The conference agreement makes it possible for 10,000,000 individuals to begin making contributions to the old-age and survivors’ insurance system beginning the first of next year and to obtain old-age security for themselves and protection for their dependents in case of death. Increased benefit payments are provided for the 3,000,000 beneficiaries at present under the extension of the Federal share for the needy disabled.

The conference agreement extends the Federal public-assistance programs to Puerto Rico and the Virgin Islands. The Federal share is limited, however, to one-half the expenditures made to recipients of assistance. Moreover, the total Federal costs may not exceed $4,250,000 a year for Puerto Rico and $160,000 for the Virgin Islands. The Senate-passed bill made no provision for extending the public-assistance programs to those insular possessions of the United States.

The House bill authorized an increase in the annual authorization for Federal grants to the States for child-welfare services from $3,500,000 to $7,000,000, but made no provision for increasing the authorizations for the other service programs, for children and maternal and child health. The bill as passed by the Senate would have increased the annual authorization from $3,500,000 to $12,000,000 for child-welfare services, from $7,500,000 to $15,000,000 for crippled-children services, and from $11,000,000 to $20,000,000 for maternal and child-health services. The Senate-passed bill required the States to meet the health and welfare needs of a greater number of children. For child-welfare services the annual authorization is increased to $10,000,000; for crippled-children services $12,000,000 is authorized for the present fiscal year, and $15,000,000 for each year thereafter; for the maternal and child-health services $15,000,000 is authorized for this year and $16,500,000 for each year thereafter.

The conference agreement extends the States-Federal public-assistance programs to Puerto Rico and the Virgin Islands. The conference agreement authorizes Federal grants-in-aid for the needy disabled, which were defeated on a yeas-and-nays vote by the narrow margin of 42 to 41. The conference agreement permits such an extension without an over-all dollar limit on annual Federal participation in costs. The Federal share is limited, however, to one-half the expenditures made to recipients of assistance. Moreover, the total Federal costs may not exceed $4,250,000 a year for Puerto Rico and $160,000 for the Virgin Islands.

The conference agreement makes it possible for 10,000,000 individuals to begin making contributions to the old-age and survivors’ insurance system beginning the first of next year and to obtain old-age security for themselves and protection for their dependents in case of death. Increased benefit payments are provided for the 3,000,000 beneficiaries at present under the extension of the Federal share for the needy disabled.

The conference agreement extends the Federal public-assistance programs to Puerto Rico and the Virgin Islands. The Federal share is limited, however, to one-half the expenditures made to recipients of assistance. Moreover, the total Federal costs may not exceed $4,250,000 a year for Puerto Rico and $160,000 for the Virgin Islands. The Senate-passed bill made no provision for extending the public-assistance programs to those insular possessions of the United States.

The House bill authorized an increase in the annual authorization for Federal grants to the States for child-welfare services from $3,500,000 to $7,000,000, but made no provision for increasing the authorizations for the other service programs, for children and maternal and child health. The bill as passed by the Senate would have increased the annual authorization from $3,500,000 to $12,000,000 for child-welfare services, from $7,500,000 to $15,000,000 for crippled-children services, and from $11,000,000 to $20,000,000 for maternal and child-health services.

Under the conference agreement the authorizations provided for these programs are reduced somewhat from the figures contained in the Senate-passed bill. However, substantial increases are provided for child-welfare services and the States for child-welfare services the annual authorization is increased to $10,000,000; for crippled-children services $12,000,000 is authorized for the present fiscal year, and $15,000,000 for each year thereafter; for the maternal and child-health services $15,000,000 is authorized for this year and $16,500,000 for each year thereafter.

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new and improved social security law means.

There being no objection, Mr. Magnuson's remarks were ordered to be printed in the Record, as follows:

WHAT THE NEW AND IMPROVED SOCIAL SECURITY LAW MEANS

(By Senator Warren G. Magnuson)

Mr. President, this Eighty-first Congress can take great pride in creating a better program for social security than the one enacted 15 years ago. The fight for destruction of the "poorhouse philosophy" that once prevailed has been an uphill battle.

It can truthfully be said that I remember every step of that fight. From the outset I vigorously opposed the theory that human beings who had given their best years to improving this Nation should be justly because of old age, lack of employment, or disability.

Farsighted fraternal organizations, such as the Fraternal Order of Eagles, have been in the patrols out in front of this fight. Their pioneering made possible the strengthened social security system now offered to the United States.

Way back in 1935, when I was a member of the Senate, we participated in the first fight to abolish "poor farms" in my State and begin a sound social security and old-age pension system. We had a difficult fight to convince very necessary members of this necessity. I led the floor fight. We won by a narrow margin. From that start, we have developed in this fight a program that can now participate to great advantage with this fine piece of Federal legislation.

Together we established the first unemployment compensation legislation in this country, and the business and resolve will never be forgotten.

This is what it means to the Nation and to the State of Washington.

This new legislation adds about 10,000,000 persons to the 35,000,000 covered by the social security law up to now. For the first time, the self-employed come under its benefits, excepting some specified groups such as doctors and lawyers.

Included are 1,000,000 self-employed who are to be benefited by the old-age and survivors insurance program are the publishers. Many leading newspapers in the States were interested in the program, so the Senate to include them, and the Senate did.

There are many other improvements in this legislation:

Benefits are increased, as well as coverage. Increases will average about 7½ percent, and some of the low benefit groups will benefit 100 percent.

The average "primary benefit," meaning the benefit which the breadwinner alone gets as distinct from what is added because of his dependents, will be raised to $120 a month. The present $85 maximum family benefit will be raised to $150 a month.

The expanded coverage will include 650,000 agricultural workers, of whom 650,000 are on farms. The 200,000 are engaged in processing farm products instead of actually working on farms.

It will include 1,000,000 persons employed in domestic work for at least 24 days and paid $5 by one employer during one calendar quarter. Coverage also includes: casual in domestic work; State and local government employees who are lacking a retirement system; Federal employees who are not now covered by Federal retirement; those employed by some public transit systems, certain outside salesmen, some abroad employed by Americans and some employees of nonprofit organizations.

New benefits become effective this September. Extended coverage is effective with the new year, 1951.

Better benefits apply to those already retired as well as those who will retire in the future.

More people will enter under the new social security regulations. A 68-year-old worker who was employed for any six quarters becomes eligible when he reaches 65. A 58-year-old worker would be eligible unless he had been employed for half of all working quarters from 1936 to retirement.

Veterans of World War II will benefit, through wage credits of $10 for each month of service.

This program raises from $3,000 to $9,000 the amount of yearly pay taxed for social security. It will gradually increase the tax on both employers and employees, beginning in 1946, from the present 1½ percent to 3½ percent in 1951.

Here, in brief summary, are the major changes:

1. More coverage: About 10,000,000 more persons will come under social security, mostly the self-employed, farm workers, and household workers.

2. Higher benefits: First, for those now getting benefit pay, who will get roughly 8½ percent more, beginning with checks to be mailed in the October check. Second, "new starts" who retire after June 30, 1952; their benefits will average double the present payments.

3. Easier eligibility: It will take less years, generally, to come under social security. Survivors and dependents will also be able to earn $50 monthly in covered employment without losing benefits, instead of the present $15 limit.

WHO WILL BENEFIT?

In more detail, here is the picture:

Small business people, the grocery and service station proprietor and others, will be covered, but not lawyers, dentists, doctors, accountants, engineers, or architects.

In figuring benefits, a self-employed person will simply transfer information from his regular income tax return to a simple added form. His tax contribution will be one-half more than the wage earner's—meaning that if the wage earner contributes 1½ percent of his wages (and his employer does the same) the self-employed person puts in 2½ percent.

One million persons who work in homes (not farm homes) become the second largest group covered. Working in farm homes are also covered, as agricultural workers.

A domestic worker who works for one employer at least 24 days in each quarter-year, and gets cash wages of at least $50 for each quarter-year.

Some 1,500,000, employed by State and local governments will be covered through voluntary agreements with the Federal government (unless they were already covered by a State or local system when the agreement is reached).

Those employed by nonprofit groups (religious, education, etc.) will be covered if (1) the employer agrees to pay his part of the contribution, and (2) at least 2-thirds of the employees favor such coverage. Ministers and members of religious orders are exempt.

Others newly covered will be: Full-time life insurance salesmen, some full-time traveling salesmen (non-house-to-house sellers), and many delivery truck drivers and home industrial workers (who produce certain things at home) working under specified conditions.

HOW MUCH MORE BENEFIT?

Those already retired or getting benefits, and those who will retire or start getting benefits before June 1952 will receive (average) benefits of about 7½ percent more than now. This will be amounts about half as large for those now receiving the higher benefits. It will be about double for the present low-benefit groups.

Example: A person getting only $10 will get $20 under the law, while one getting $46 will get $68.50. These increases start gradually (effective September 1950), and checks mailed out October 3 will carry the higher amounts.

People do not have to wait for this increase, they will start automatically. If the increase fails for any reason to be in the October check, it will show up later in full.

Recipients are asked only if their address and other information because the fewer letters received in the next few months the faster the benefits will take effect. Inquiries are necessary may be best be addressed to the old age and survivors insurance regional office.

This table shows what those now getting benefits, or who will before June 1952, will get under the new law as compared to the old.

<table>
<thead>
<tr>
<th>Present Benefit</th>
<th>New Benefit</th>
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The foregoing applies to those under the program before June 1952.

The second main group to be benefited are those who will start to draw benefits after June 1952. Their benefits will be figured on a new basis that will give them, on the average, twice the benefits now being received. This new formula will not apply.
to those whose benefits started before June 1952.

This new formula takes effect no earlier than June 1952 (but applies to those having at least six quarters, meaning one and a half years, after January 1, 1951).

This formula sets the "primary benefit," meaning the basic amount an individual insured worker with dependents receives, at 50 percent of the first $100 of his average monthly wage, plus 15 percent of the next $200 of his wage. The old formula set the primary benefit at 40 percent of the first $50, and 10 percent of the next $200 of the average monthly wage.

In other words, the maximum monthly wage to be used for setting benefits has been raised from $250 to $300.

Minimum primary benefit has been raised, in most cases, from $10 to $25. Maximum family benefit has been raised from $85 to $150. These are vitally important changes, long overdue in view of high living costs today.

It is unfortunate, I think, that the annual increase in benefits of 1 percent for each year of coverage has been eliminated. A person who has been covered for 30 years will get only the same benefits as one covered for 5 years.

HOW ABOUT DEPENDENTS?

Dependents and survivors will receive generally the same proportion of primary benefits paid to the wage earner, meaning that their benefits also will be about 77 1/2 percent higher than at present, up until 1952 (or twice the present level if they begin after June 1952).

Benefit for a wife will still be one-half of the primary benefit. But under the new bill, benefit payments can be made to a retired worker's wife who is 65, if she has a child in her care. Benefit for a widow is three-fourths of the primary benefit; for a child, one-half the primary benefit (except when the insured worker dies, in which case the benefit for the first child will be three-fourths of the primary benefit).

Benefit for a dependent parent, now one-half of the primary benefit, has been raised to three-fourths. Lump-sum payments, upon death of an insured worker, have been changed from 6 times the primary benefit to 3 times the primary, but will now be paid to the family of an insured worker regardless of whether any other member is entitled to receive benefits at the time of his death. (Under present law, lump-sum death benefits were made only when no other member of the family was entitled to survivors benefits at time of the wage earner's death.)

Also important is the new change allowing survivors or dependents to earn $50 monthly without losing their benefits, as against the previous $14.99 limit.

HOW LONG TO QUALIFY?

The question of how long you have to be covered before you can start drawing benefits brings up one of the most liberal changes in the new law.

Retirement age remains unchanged, age 65, but it is now much easier for a 65-year-old person to begin to draw benefits.

Previously we had to have been working in covered employment, meaning under the social security system, for half of the time since January 1, 1937. At present, that would mean a person reaching 65 must have been covered for 27 quarter-years, or 7 full years of consecutive coverage.

From now on, he need only have worked under coverage for half the time since January 1, 1951, but in no case is less than 6 quarters required, nor more than 40.

This means three things:

First, any insured worker 65 or over on January 1, 1951, already covered for 6 quarter-years, can draw benefits immediately. He needs only those 6 quarters.

Second, any worker, whether or not covered up to now, who is 62 or over on January 1, 1951, can draw benefits upon reaching 65, if he has had 6 quarter-years of coverage at 65.

Third, and most important, workers who have come under social security only recently, and particularly the 10,000,000 starting next January 1, will be eligible to receive benefits on retirement with much less coverage than now. The following table shows how many quarter-years are needed under the old and new law, simply look at the figures next to your age on January 1951:

<table>
<thead>
<tr>
<th>Quarters of coverage required to be fully insured</th>
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<tr>
<td>Age reached in first half of 1951</td>
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*Also important is the new change allowing survivors or dependents to earn $50 monthly without losing their benefits, as against the previous $14.99 limit.*

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I am afraid of this bill because it makes rosy promises but provides no real guaranty that they will be fulfilled. At the same time it places heavy and perhaps impossible burdens on the productive forces of this country, which in the long run are the only real basis for any kind of security. I believe we will never have a system of real security until we go over to a pay-as-you-go method, under which all the aged will be eligible, at moderate benefit rates within the capacity of the producing workers of the country to support.


The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the Record, as follows:

THE FEDERAL GOVERNMENT IS UNDERMINING THE FOUNDATION OF SECURITY

The recent passage by the United States Senate of an expanded and liberalized social-security bill calls attention to the intense pressure of demand upon our economy for funds. While the craving for security is a challenge that must be met with sympathetic understanding, at the same time there should be a realistic appraisal of its impact. Any proposal along this line must be kept within our economic capacity and not defeat its purpose by carrying it so far that it cripples and paralyzes personal initiative and enterprise as well as imposes an intolerable burden upon our economy.

The quest for security is world-wide. Demands for protection against the hazards of life in this country have stemmed from the growing complexity of our industrialized society as well as from the depression of the 1930's, threats of war, and inflationary trends. To aggravate the problem, medical science has extended the life span by one-third in the course of the past half century. Since 1900, the number of persons 65 years of age and over has increased by 261 percent as compared with a 100-percent gain for the population in general. Not only is the number of aged growing at a much faster pace than is the rest of the population, but also in view of their numbers they could become the most powerful pressure group in the country, and by demanding periodic increases in pension payments could place a back-breaking load on the productive workers.

If we are to retain our present American system, the cost of social security must be paid out of current production which is the only real common pool that can be drawn upon for current consumption. A large proportion of the people, however, are under the illusion that by some magic power the Government can provide an abundant life and guarantee security without the recipients earning their passage. Throughout all ages, whenever a government endeavored to provide for people on an extensive scale it did so by using up past reserves followed by confiscatory taxes and sharp, extension of governmental power until free citizens became mere puppets. This same trend is clearly in evidence in Great Britain today. Sir Stafford Cripps, Chancellor of the Exchequer, reports that there has already been such a great redistribution of wealth in Great Britain within the past few years to provide for extended social services that...
the future, we must rely rather upon the creation of more distributable wealth than upon the redistribution of the income that exists. Total taxation, local and national, is now more than 50 percent of the national income, and at that level the redistribution of income entailed in the payment for social services amounts to considerable amounts in the United States—Federal, State, and local—are now about 25 percent of national income and are rising. After we have reached the point at which this, in keeping with the experience of other countries under similar circumstances, these claims must be allocated on a priority basis according to a difficult financing program which the administration justifies on the grounds that it will expand the economy, provide increased revenue, and fortify our fiscal position. On the other hand, the theory of spending our way to solvency is repudiated by the experience of every country that has tried this experiment.

In view of the pressure of expenditures on our impaired margin of safety, it is highly essential that Government waste should be kept to a minimum. Outstanding authorities, both liberal and conservative, have agreed that the Federal government should be reduced by at least $5,000,000,000 without impairing any essential services. Public money wasted is parasitical as it robs the welfare plans, the schools, and the preserving projects of money that could otherwise be made available to them. It would be well for uninterested agencies, educators, clergymen, and others deeply concerned with the promotion of social welfare to campaign against extravagance and waste of public money, since apparently this country has reached the limit of obtaining any further substantial surpluses from taxation. In other words, the time has come if this Nation is to remain solvent, when hard choices must be made on Government expenditures from money provided by the taxpayers.

Any comprehensive social security program must therefore rest on a relatively stable purchasing power of the dollar based on sound fiscal policies and on a dynamic productive economy with adequate incentives for risk-taking and rewards for contributions to the productive output of the country.

Mr. LEHMAN. Mr. President, I shall of course vote for the pending conference report on H. R. 6000. This bill contains provision for the agricultural workers under the provisions of the conference report, and to insert it that he plans to prepare a statement in some detail on the coverage proposed for

for my part, accept the Knowland amendment as I disagree with the wisdom of it. I accept it, however, with a heavy heart.

None of us is so naive as not to realize that a law, in large measure, is what administration conform to the clear intent of the law as enacted by Congress. This is a virtual abandonment by the Congress of its obligation to insure uniformity and consistency of administration of the unemployment insurance provisions of the law.

This provision may be used in many States by those interested in breaking strikes. The whole force of unemployment insurance administration may be brought to bear to threaten men who are unemployed with the penalty of losing their unemployment compensation unless they are willing to scab, to take the jobs of strikers. Under the terms of the Knowland amendment, the unemployment compensation authorities of a State could interpret their unemployment compensation law in a manner wholly at variance with the clear intent of the law as enacted by Congress.

I cannot find it in my heart to delay for a moment the increased pensions for the aged, and the public assistance for the needy and the blind and the children of our country. I must therefore,
MESSAGE FROM THE HOUSE

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child-welfare provisions of the Social Security Act, and for other purposes.
Mr. GEORGE obtained the floor. Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. MAYBANK. I wonder whether the Senator desires that I suggest the absence of a quorum. I shall abide by the wishes of the Senator from Georgia. Mr. GEORGE. I do not believe it is necessary to call a quorum, inasmuch as it may take some time to develop one. I hope the Senator will withhold his suggestion.

Mr. MAYBANK. Mr. President, I withdraw my suggestion of the absence of a quorum.

Mr. GEORGE. Mr. President, I submit the conference report on House bill 6000, Social Security Act amendment of 1950, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there any objection to the consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. GEORGE. Mr. President, it is most gratifying to be able to report that the conference agreement on H. R. 6000 incorporates the principal provisions of the bill as passed by the Senate. Thus, the objective of having the contributory social-security system become the major method of providing protection against the economic hazards of old age and premature death should soon become an accomplished fact. I believe we may now look forward to a reversal of the trend of continually increasing expenditures from general revenues for the aged and for children who are dependent because of death of the family breadwinner.

Currently there are about 3,000,000 beneficiaries of old-age and survivors insurance. Under the conference agreement it is estimated that within a year this number will exceed 4,250,000. By 1960 the beneficiaries will number more than 7,000,000. Benefit payments for retired workers now averaging $26 per month will in a few years exceed an average of $50. In providing for these liberalizations, the Conference Committee was not unmindful of the increase in costs to the system.

Mr. WHERRY. Mr. President, I was about to ask the Senator a question, but one of my colleagues has just given me information which may answer the question. I wondered if the Senator from Georgia did not think it necessary to have a quorum called. I would suggest to the able Senator that Senators on this side of the aisle are most interested in the report, not that they are opposed to the report, but they would like to hear the Senator's explanation, and if he would permit a quorum call, I should like to get Senators to the floor if possible.

Mr. GEORGE. I have no objection. It would merely delay action. The distinguished Senator from South Carolina (Mr. MAYBANK) offered to call a quorum, but I suggested it would merely result in delay.

Mr. WHERRY. Mr. President, I will not delay action on the report. Several Senators have said they would like to be here when the conference report was laid before the Senate.

Mr. GEORGE. If the Senator feels he should call a quorum on that account, I yield for that purpose.

Mr. WHERRY. I do not think I would want to have it on that basis, because it is not because Senators oppose the report, but they wanted to get the information the Senator would impart in his remarks. I shall not call for a quorum at this time.

Mr. GEORGE. Mr. President, the tax schedule in the conference agreement is designed to make the program self-supporting so as to avoid the necessity for appropriating funds to the system out of general revenues.

I shall summarize very briefly the major provisions of the conference agreement that differ from those contained in the bill as passed by the Senate.

OLD-AGE AND SURVIVORS INSURANCE COVERAGE

The conference agreement extends coverage to substantially the same number of persons as under the Senate-passed bill, namely, ten million.

Nonprofit and religious institutions: The principal change made as to coverage relates to employees of nonprofit organizations that are exempt from income tax under section 101 (6) of the Internal Revenue Code. The bill as passed by the Senate provided compulsory coverage of employees of nonprofit organizations not owned or operated by a religious denomination. Employees of religious organizations were to be covered on a voluntary basis at the option of the employer.

The House-passed bill provided compulsory coverage of employees of nonprofit and religious organizations, but granted an exemption as to the employer's share of the tax. Unless the exemption were waived by the employer, only the employees would be required to make contributions to the system, resulting, of course, in a decrease of benefits received.

Under the conference agreement employees of all nonprofit and religious organizations exempt from income tax under section 101 (6) of the Internal Revenue Code may be extended coverage on a voluntary basis. For these employees to be covered the organization must file a certificate stating it desires coverage for its employees and that two-thirds of the employees concur in the filing of the certificate.

A very serious question was presented to the conference committee, namely, whether or not it would be valid to leave it to the employing corporation to decide for its employees, and thereby subject its employees to tax.

I repeat, under the conference agreement employees of all nonprofit and religious organizations exempt from in-
come tax under section 101 (6) of the Internal Revenue Code may be extended covered basis. For these employees to be covered the organization must file a certificate stating it desires coverage for its employees and that two-thirds of the employees concur in the filing of the certificate. Then the employees so concurring would be afforded the protection of the system. Moreover, employees engaged by the employer after the certificate became effective would also be covered.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. Does that mean that hospitals which are operated on a charitable basis, which are incorporated for nonprofit purposes, would come within the provision the Senator has just described?

Mr. GEORGE. I think so. I believe there is no doubt about that.

Mr. THYE. Mr. President, did I understand the Senator correctly to say that agricultural cooperatives also were included?

Mr. GEORGE. No; cooperatives are not included. The Senator from Massachusetts was asking about nonprofit hospitals, under section 101 (6). This provision does not refer to cooperatives.

Mr. ATKINS. There is another section dealing with them, is there not?

Mr. GEORGE. Yes; there is.

Mr. SALTONSTALL. If the Senator will further yield, what about nonprofit colleges, schools, and institutions of that character?

Mr. GEORGE. They are treated exactly as hospitals are. They are covered precisely on the same basis.

Agricultural workers: Under the bill as passed by the Senate about 1,000,000 agricultural workers, of whom 600,000 are regularly employed workers on farms, would have been covered by the system. The conference agreement makes no change as to coverage of the 200,000 nonregular or marginal agricultural workers, as they are some times called, engaged in processing agricultural or horticultural commodities off the farm. As to regularly employed workers on farms the conference agreement reduces the number covered from 800,000 to about 650,000 by imposing a somewhat more restrictive definition of regular employment.

Under the Senate bill an individual would have been deemed to be regularly employed and to be covered by the system if he worked for one employer at least 60 days and earned $50 or more in a calendar quarter. The conference agreement modifies the provisions in the Senate-passed bill so as to cover an employee on a farm only if he has (1) worked for his employer on a full-time basis for one day in a calendar quarter, and (2) worked continuously for the same employer throughout the preceding calendar quarter.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I yield.

Mr. THYE. We should interpret that to be 6 months; that would be 6 months' time the worker would actually be employed, paid, plus 3 months within that calendar quarter?

Mr. GEORGE. The Senator is correct.

Mr. THYE. I thank the Senator.

Mr. GEORGE. That was the concession we made to the House conferees in order to bring about an agreement upon the bill; and that is the effect of the conference report.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Florida.

Mr. HOLLAND. With reference to this coverage of agricultural employees, did I correctly understand the Senator to say that employment; and he must not be a mere part-time worker who devotes an hour to Put in a full day's time, because weather may interfere and cut down the hours of actual work?

Mr. GEORGE. That feature of it remains the same. The feature of the bill which was changed in conference was the requirement that to become eligible the regularly employed farm worker must have worked an immediately preceding qualifying quarter for the same employer. That was earnestly insisted upon by the House conferees, and the conference committee accepted that compromise.

Mr. HOLLAND. Mr. President, will the Senator yield for a further question?

Mr. GEORGE. I am glad to yield.

Mr. HOLLAND. Now, without reference in this question to the qualifying quarter and solely with reference to the second consecutive quarter of coverage, the provision of the Senate bill as I recall it was meant to be earned within a second quarter of coverage, in working for the same employer, to bring the workman under the coverage provisions of the bill for that quarter. Does this provision apply to the conference bill?

Mr. GEORGE. That is correct; and in addition he must have worked 60 full days and earned $50 in the preceding quarter. Then the coverage?

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. GEORGE. Yes.

Mr. HOLLAND. With reference to the second quarter, of coverage, which is, of course, the third quarter of employment, and the requirements for coverage during that second quarter of coverage, as now stated under the conference bill, did I understand the Senator to say that one of the conditions for coverage in that second quarter of coverage is continuous employment during the first quarter of coverage by the employer for the same worker or would it be only 60 days' employment during that first quarter of coverage serve to qualify him?

Mr. GEORGE. I believe this is the correct statement: He must have worked for his employer on a full-time basis for 60 days in the preceding calendar quarter, the first quarter of coverage; and, second, he must have worked continuously for the same employer throughout a former or next preceding calendar quarter which was the qualifying quarter. It was insisted by the House conferees that for one to become eligible under the Social Security Act he must have been a regularly employed workman for one quarter, and in the second quarter, in which he could first qualify for coverage, he must have worked 60 days on a full-time basis; that is, as distinguished from a part-time or job worker; and he must have earned $50 or more in that second quarter. There is no requirement as to his current quarter.

Mr. HOLLAND. May I ask the Senator: Is there any requirement for the
number of days he must have worked in the second quarter to qualify him for coverage?

Mr. GEORGE. In the second quarter.

Mr. HOLLAND. Yes, in the second quarter.

Mr. GEORGE. Sixty full days, yes. That is to say he must have been ready, able, and willing to work; he must have been there reporting for work, with such interruptions as occasioned by providential interventions or causes; he must have been there for 60 days within the 90-day quarter in which he must have been regularly employed on a full-time basis for 60 days.

Mr. HOLLAND. Is it correct to say then that the provisions of the conference report, as outlined in the bill, are less generous to the employer than the provisions of the Senate bill?

Mr. GEORGE. That is correct. As I have already stated, they are more restrictive than the provisions in the original Senate bill. But I may say to the Senator that it was necessary in the conference to make this concession in order to cover any regularly employed farm worker. We had to make that concession.

Mr. HOLLAND. Will the Senator yield for one further question? I appreciate greatly the patience shown by the Senator.

Mr. GEORGE. I yield.

Mr. HOLLAND. Would the Senator outline, for the record, clearly the exact distinction now appearing in the conference report between the requirement for qualification, not for coverage, in the first of two consecutive quarters and the requirement for qualification, not for coverage, in the second of those two consecutive quarters.

Mr. GEORGE. The two quarters might be roughly described as being identical in type. The Senator presents his question, except in the last he must earn $50. In other words, he must be employed by the same employer, and he must be employed regularly, or as the Senator says, continuously, for one qualifying quarter, and in the second or immediately following quarter in order to be covered under the bill for that quarter, he must also be regularly employed for 60 days on a full-time basis and must have earned $50. The real distinction being that in the second quarter his earnings must have amounted to $50 or more. That is the substantial difference.

Mr. HOLLAND. I thank the Senator.

Mr. GEORGE. I am quite glad to be interrupted by the Senator from Florida.

Although the conference agreement does not go quite as far as the Senate-passed bill in extending coverage to agricultural labor, the basic principle contained in the Senate bill of providing coverage at this time to the steadily employed workers on farms is retained. The limited extension of coverage in this area assures simplicity of administration for the farmer and should provide the necessary experience on which to base future decisions as to the extent that coverage of agricultural labor should be broadened.

Employees of State and local governments: The Senate bill providing for compulsory coverage of State and local employees under a retirement system, by means of Federal-State agreement, were adopted by the conference committee. The conference agreement, however, does modify somewhat the provisions in the Senate bill for the extension of compulsory coverage to employees of certain publicly owned transportation systems.

The conference agreement adopts the provisions of the Senate bill as the general rule to be applied if a State or political subdivision after 1950, the conference agreement adopts the provisions of the Senate bill as the general rule to be applied if a State or political subdivision acquires a transportation system, or any part thereof, from private ownership after 1950 and before 1951, except that old-age and survivors insurance coverage would not be extended to employees of a transportation system who are covered by a general retirement system which the benefits of which are protected from diminution or impairment by a State constitutional provision. Acquisitions from a private company after 1950 are to be governed by special provisions with respect to such acquisitions. Following that provision, the Senate bill as passed by the Senate may need some revision as experience is gained in this new area of compulsory coverage.

Mr. SALTONSTALL. Mr. President, will the Senator yield at this point?

Mr. GEORGE. I am pleased to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I thank the Senator.

I believe that the distinguished chairman of the committee is somewhat familiar with the Boston metropolitan transit system about which I receive some information from the conference report cover that system? The date used is 1936, and that makes me wonder.

Mr. GEORGE. The conference committee was assured that it does cover the Boston situation.

Mr. SALTONSTALL. I thank the Senator.

Mr. GEORGE. It seemed to cover that situation very well indeed; and the conference committee heard quite a good deal about Boston, Chicago, New York, and also Cleveland, and let me say to the distinguished Senator from Ohio, whom I now see seated in the Chamber.

I repeat that the report does cover the Boston situation.

Mr. SALTONSTALL. I thank the Senator.

Mr. GEORGE. It seemed to cover that situation very well indeed; and the conference committee heard quite a good deal about Boston, Chicago, New York, and also Cleveland, and let me say to the distinguished Senator from Ohio, whom I now see seated in the Chamber.

I repeat that the report does cover the Boston situation.

Mr. SALTONSTALL. I thank the Senator.

Mr. GEORGE. I may add that it seemed to cover quite completely the Chicago situation, also.

Mr. President, I have just referred to the special provisions, which perhaps may need later revision, governing acquisitions from a private company after 1950. If these special provisions do not adequately meet situations arising in the future, the Congress will have ample time to make any necessary modifications to protect the rights of the individuals under the old-age and survivors insurance system.

Definition of employee: The conference agreement retains the usual common-law rules for determining the employer-employee relationship, except for specified occupational groups. The so-called economic reality test, based on seven indefinite factors, as contained in the House bill, was rejected by the conference committee. Thus, the basic principles of the bill as passed by the Senate remain.

Mr. HOLLAND. Is it correct to say that in determining whether an individual is an employee or is self-employed, except that individuals in the following occupational groups are to be classified as employees if they perform service under prescribed circumstances—which, of course, are set out in the conference report:

First, Full-time life-insurance salesmen;

Second. City and traveling salesmen engaged on a full-time basis in soliciting orders for their principals—except for salesmen engaged in distributing milk products, vegetable products, fruit products, baking products, beverages—other than milk—or laundry or dry-cleaning services, for their principals; and

Fourth, Industrial house workers licensed under State law, and who work in accordance with specifications prescribed by their employers.

LIBERALIZATION OF BENEFIT PAYMENTS

The conference agreement retains the benefit formula as passed by the Senate, so that workers who retire with earnings in covered employment in six calendar quarters after 1950 may have their benefits computed as follows: 50 percent of the first $100 of the average monthly wage, plus 38 percent of the next $200. Present beneficiaries and workers who retire in the future without having earnings in covered employment in six calendar quarters after 1950 will have their benefits increased 77 1/2 percent on the average over the level provided in present law. Under the bill as passed by the Senate, this increase would have averaged more than 85 percent, while under the House bill the average increase was 75 percent.

Although this compromise does not provide for as high a level of benefits for present beneficiaries and those retiring in the near future as would have been provided under the Senate-passed bill, the long-range level of benefits will be substantially the same as under the Senate bill, because the aforementioned benefit formula will be used in most instances for persons retiring after June 30, 1952.

ELIGIBILITY

The provisions in the Senate-passed bill which greatly liberalized the eligibility requirements for older workers are
in 1956. The complete schedule is as follows: one-half the quarters elapsing after 1950 and before attainment of age 65; and three-quarters of the remaining quarters required. Quarters of coverage, for the purpose of meeting the new eligibility requirements, include those earned in 1950 and prior years, as well as those earned subsequently.

**FINANCING**

The conference agreement retains the tax rates that were provided in the Senate-passed bill, except that the present rates of 1½% on employer and 1½% on employees are scheduled to be increased to 2% in 1954, instead of in 1953, as was prescribed in the House bill. The complete schedule is as follows: 1½% on employers and 1½% on employees for 1950-53; 2% for 1954-59; 2½% for 1956-59, inclusive; and 3½% thereafter, with the self-employed paying 1½ times the employee rate.

**PUBLIC ASSISTANCE**

The conference agreement retains the Federal grant-in-aid formulas of present law for the existing programs of old-age assistance and aid to the blind.

**AID TO DEPENDENT CHILDREN**

For aid to dependent children, the amount of funds made available to the States will be increased approximately $75,000,000 a year, because of the provision, which was in the bill as passed by the Senate, that the Attorney General may make grants to the States for the care of the dependent children of the mother or other adult relative of the children a recipient for Federal matching purposes. The maximum payments for Federal participation in aid to dependent children, which under the Senate-passed bill, were to be $30 per month for the caretaker, $30 for the first child, and $20 for each additional child in a family, are cut back to $27, $27, and $18, respectively, under the conference agreement.

**AID TO PERMANENTLY AND TOTALLY DISABLED**

A new program for aid to the needy permanently and totally disabled, estimated to cost the Federal Government about $85,000,000 a year, is established by the conference agreement. Federal grants-in-aid are made available to the States for this program under the same matching formula now used for old-age assistance and aid to the blind. Thus the Federal share is three-fourths of the first $20 of a State's average monthly payment per recipient plus one-half of the remainder within individual maximums of $30. Accordingly, the maximum in Federal funds for any recipient is limited to $30.

Although the bill as passed by the Senate made no provision for the establishment of this program, a floor amendment authorizing Federal grants-in-aid for the needy disabled was defeated on a yeas-and-nays vote by the narrow margin of 42 to 41. The conference for the Senate in agreeing to recede were to the House bill, there was only a one-vote difference when the Senate considered the establishment of a program for the needy disabled.

**PUERTO RICO AND THE VIRGIN ISLANDS**

The conference agreement extends the State-Federal public assistance programs to Puerto Rico and the Virgin Islands. The Federal share is limited, however, to one-half the expenditures made to recipients of assistance. Moreover, the total Federal costs may not exceed $4,250,000 a year for Puerto Rico and $100,000 for the Virgin Islands.

The Senate-passed bill made no provision for extending the public-assistance programs to those insular possessions while the House bill contains such an extension without an over-all dollar limit on annual Federal participation in costs. I may say, in passing, that the conference committee was advised that the limit recommended by the House was $700,000 as compared to $160,000 for the Virgin Islands on the formula of matching, approved in the conference report, would be adequate.

**CHILD HEALTH AND WELFARE SERVICES**

The House bill authorized an increase in the authorization for Federal grants to the States for child-welfare services from $3,500,000 to $7,000,000, but made no provision for increasing the authorizations for the other service programs, for children and maternal and child health. The bill as passed by the Senate would have increased the annual authorization from $3,500,000 to $12,000,000 for child-welfare services, from $7,500,000 to $15,000,000 for crippled-children services, and from $11,000,000 to $20,000,000 for maternal and child-health services.

Under the conference agreement the authorizations provided for these programs are reduced somewhat from the figures contained in the Senate-passed bill. However, substantial increases are authorized for the States to meet the health and welfare needs of a greater number of children. For child-welfare services the annual authorization is increased to $10,000,000; for crippled-children services $12,000,000 is authorized for the present fiscal year, and $15,000,000 for each year thereafter; for the maternal and child-health services $15,000,000 is authorized for this year and $16,500,000 for each year thereafter.

**UNEMPLOYMENT INSURANCE**

The bill as passed by the Senate contained two provisions relating to unemployment insurance which were not included in the House bill. The first of these reenacts the provisions in title XII of the act, which expired January 1, 1950, under which the Federal Government agrees to make advances to the accounts of States in the unemployment trust fund. The conference agreement permits such advances, in order to assure the solvency of State unemployment insurance accounts, until December 31, 1951, thus affording ample time for other legislative treatment, in the event this problem should become acute in any State.

The second provision is the amendment sponsored by the junior Senator from California (Mr. Knowland) added to the bill on the floor of the Senate, which restricts the authority of the Secretary of Labor over State unemployment-insurance programs.

Both of these Senate provisions were adopted by the conference committee without change.

**CONCLUSION**

The conference agreement makes it possible for 10,000,000 individuals to begin making contributions to the old-age and survivors insurance system beginning the first of next year and to obtain old-age security for themselves and protection for their dependents in case of death. Increased benefit payments are provided for the 3,000,000 beneficiaries now on the rolls. Furthermore, the conference agreement permits such beneficiaries to receive a higher percentage of their prewar wage and price levels. Under the conference agreement these beneficiaries will receive an average of $45 per month beginning with the payments for the month of September, which will rise to $50 by the month of October.

Although the conference agreement relates primarily to improving and expanding the old-age and survivors' insurance system, provision is also made for additional and necessary public-assistance and child-health and welfare services. As I have indicated earlier, additional Federal funds are made available for aid to dependent children, maternal and child health, crippled children, and child-welfare services. Moreover, a fourth category of public assistance for the needy permanently and totally disabled is established.

Mr. President, the conference agreement perhaps is more important to the citizens of the Nation than any domestic legislation that has come before the Senate in the Eighty-first Congress. I urge immediate and immediate adoption of the agreement so that the beneficiaries now on the rolls may have their small benefit payments increased, effective with the checks they will receive in the months of September and October.

Mr. President, before resuming my seat, I wish to say that the conference was entirely harmonious. Each conference gave to the other his very best to work out the difficult problems presented by the disagreeing votes of the two Houses. I may also say that the House yesterday approved the conference report by a vote of 574 to 1.

Mr. MIKVEIL: Mr. President, I congratulate the distinguished chairman of the Senate Finance Committee on the excellent and very clear statement he has just made on the work of the conference. I agree to state my belief that the conferences did a fine job in representing the basic views of the Senate on this subject. I hope the conference report will be approved.

Mr. MACDONALD: Mr. President, I ask unanimous consent to place in the body of the Record at this point some remarks I have prepared on what the
new and improved social security law means.

There being no objection, Mr. Mag-

nus's remarks were ordered to be

What the New and Improved Social Security Law Means

(By Senator Warren G. Magnuson)

Mr. President, this Eighty-first Congress can take pride in creating a better program for social security than the one enacted 15 years ago.

The fight for the destruction of the "poorhouse philosophy" that once prevailed has been an uphill battle.

It can truthfully be said that I remember every step of that fight. From the outset I vigorously opposed the theory that human beings who had given their best years to improving this Nation should be punished because of age, lack of employment, or disability.

Farsighted fraternal organizations, such as the Fraternal Order of Eagles, have been in the patrols out in front of this fight. Their pioneering made possible the strengthened social security system now offered to the United States.

Way back in 1935, when I was a member of the Senate, a few of us participated in the first fight to abolish "poor farms" in my State and begin a sound social security and old-age pension system. We had a difficult fight to convince my primary membership of this necessity. I led the floor fight. We won by a narrow margin. From that start, we have developed a fine program that can now participate to great advantage with this fine piece of Federal legislation.

Together we established the first unemployment compensation legislation in this country, and the men and women who worked for its passage and who will suffer if it is not enacted will not be forgotten.

This is what it means to the Nation and to the State of Washington.

This new legislation adds about 10,000,000 persons to the 35,000,000 covered by the social security law up to now. For the first time, the self-employed come under its benefits, excepting some specified groups such as doctors and lawyers.

Included are 8,000,000 self-employed who are to be benefited by the old-age and survivors insurance program are the publishers. Yet because the House bill neglected to include the publish-

ers in my State were interested in the program. I was one of the Senate to include them, and both the Senate and the House agreed.

There are many other improvements in this legislation.

Benefits are increased, as well as coverage. Increases will average about 77½ percent and some of the low benefit groups will benefi

The average "primary benefit," meaning the benefit which the breadwinner alone gets as distinct from what is added because of his dependents, will increase for a worker now retiring from an average $26 a month to $46 per month. The present $85 maximum family benefit will be increased $50. The self-employed worker puts in 2½ percent.

Survivors and dependents will also be able to earn $50 monthly in covered employment without losing benefits, instead of the present $15 limit.

WHO WILL BENEFIT?

In more detail, here is the picture:

Small business people, the grocery and service station proprietor and others, will be covered, but not lawyers, dentists, doctors, accountants, engineers, or architects.

In figuring benefits, a self-employed person will simply transfer information from his regular income tax return to a simple added form. His tax contribution will be one-half of his wages (and his employer does the same), meaning that if it is 1½ percent of his wages, the self-employed person puts in 1½ percent, and the Federal Government will pay 1½ percent. One million persons who work in homes (not farm homes) become the second largest group covered. Those working in farm homes are also covered, as are industrial workers.

A domestic worker who works for one employer at least 24 days in each quarter-year, and gets cash wages of at least $50, is covered. For example, a maid working two days a week would benefit, but not if working only one day.

The third large group includes agricultural workers, those working regularly on farms and farms either on-farm products or off the farm. This means those working for poultry hatcheries, irrigation projects, and commercial handlers of fruits and vegetables. It also includes employees of farmer cooperatives, which is important in my State.

To qualify as regularly employed a farm worker must work for an employer for 3 months before coverage starts, then continue to work for that employer for 60 full days and have cash wages of at least $50 for each quarter-year.

Some 1,500,000, employed by State and local governments will be covered through voluntary agreements with the Federal government (unless they were already covered by a State or local system when the agreement is reached). The second largest group covered are Federal employees not previously covered by a Federal retirement system now coming under the new social security.
to those whose benefits started before June
1952. This new formula takes effect no earlier
than June 1952 (but applies to those having
at least six quarters, meaning one and a half
years, after January 1, 1951).

This formula sets the "primary benefit,"
meaning the basic amount an individual in-
sured worker with dependents receives, at
50 percent of the first $100 of his average
monthly wage, plus 15 percent of the next
$200 of his wage. The old formula set the
primary benefit at 40 percent of the first $50,
and 10 percent of the next $200 of the aver-
age monthly wage.

In other words, the maximum monthly
wage to be used for setting benefits has been
raised from $250 to $300.

Minimum primary benefit has been raised,
in most cases, from $10 to $25. Maximum
family benefit has been raised from $85 to
$150. These are vitally important changes,
long overdue in view of high living costs
today.

It is unfortunate, I think, that the annual
increase in benefits of 1 percent for each year
of coverage has been eliminated. A person
who has been covered for 30 years will
get only the same benefits as one covered
for 5 years.

HOW ABOUT DEPENDENTS?

Dependents and survivors will receive gen-
erally the same proportion of primary bene-
fits paid to the wage earner, meaning that
their benefits also will be about 77 1/2 per-
cent higher than at present, up until 1952
(or twice the present level if they begin
after June 1952).

Benefit for a wife will still be one-half of
the primary benefit. But under the new
bill, benefit payments can be made to a
retired worker's wife who is 65, if she has
a child in her care. Benefit for a widow is
three-fourths of the primary benefit; for a
child, one-half the primary benefit (except
when the insured worker dies, in which case
the benefit for the first child will be three-
fourths of the primary benefit).

Benefit for a dependent parent, now one-
half of the primary benefit, has been raised
to three-fourths. Lump-sum payments,
upon death of any insured worker, have been
changed from 6 times the primary benefit
to 3 times the primary, but will now be
paid to the family of an insured worker re-
gardless of whether any other member is
entitled to receive benefits at the time of
his death. (Under present law, lump-sum
death benefits were made only when no
other member of the family was entitled to
survivors benefits at time of the wage
earner's death.)

Also important is the new change allow-
ing survivors or depends to earn $50
monthly without losing their benefits, as
against the previous $14.99 limit.

HOW LONG TO QUALIFY?

The question of how long you have to be
covered before you can start drawing bene-
fits brings up one of the most liberal changes
in the new law.

Retirement age remains unchanged, age
65, but it is now much easier for a 65-year-
old person to begin to draw benefits.

Previously we had to have been working
in covered employment, meaning under the
social security system, for half of the time
since January 1, 1937. At present, that
would mean a person reaching 65 must have
been covered for 27 quarter-years, or 7 full
years of consecutive coverage.

From now on, he need only have worked
under coverage for half the time since Jan-
uary 1, 1951, but in no case is less than 6
quarters required, nor more than 40.

This means three things:

First, any insured worker 65 or over on
January 1, 1951, already covered for 6
quarter-years, can draw benefits immediately.

Second, any worker, whether or not covered
up to now, who is 62 or over on January 1,
1961, can draw benefits upon reaching 65,
if he has had 6 quarter-years of coverage
at 65.

Third, and most important, workers who
have come under social security only re-
cently, and particularly the 10,000,000
starting next January 1, will be eligible to
receive benefits on retirement with much
less coverage than now. The following table
shows how many quarter-years are needed
under the old and new law: simply look at
the figures next to your age on January 1951:

| Quarters of coverage required to be fully insured |
|---|---|---|
| Age reached in first half of 1951 | Present law | New law |
| 65 or over | 6 | 6 |
| 64 | 10 | 6 |
| 63 | 12 | 6 |
| 62 | 14 | 6 |
| 61 | 16 | 6 |
| 60 | 18 | 6 |
| 59 | 20 | 6 |
| 58 | 22 | 6 |
| 57 | 24 | 6 |
| 56 | 26 | 6 |
| 55 | 28 | 6 |
| 54 | 30 | 6 |
| 53 | 32 | 6 |
| 52 | 34 | 6 |
| 51 | 36 | 6 |
| 50 | 38 | 6 |
| 49 | 40 | 6 |
| 48 | 42 | 6 |
| 47 | 44 | 6 |
| 46 | 46 | 6 |
| 45 or under | 48 | 6 |

Age reached in first half of 1951
Present law
65 or over 6
64 10
63 12
62 14
61 16
60 18
59 20
58 22
57 24
56 26
55 28
54 30
53 32
52 34
51 36
50 38
49 40
48 42
47 44
46 46
45 or under 48

Second, any Worker, whether or not covered
up to now, who is 62 or over on January 1,
1961, can draw benefits upon reaching 65,
if he has 5 quarter-years of coverage
at 65.
SOCIAL SECURITY ACT AMENDMENT OF 1950—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6060) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

Mr. IVES obtained the floor.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. IVES. Mr. President, inasmuch as the senior Senator from New York will not be speaking on the conference report, but definitely desires to speak now on the conference report the Senator from Nebraska after the adoption of the conference report the Senate from New York would ask unanimous consent that he may yield for that purpose, with the definite understanding also that his right to the floor immediately after the adoption of the conference report is not prejudiced.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUTLER. Mr. President, as a member of the Committee on Finance I wish to join in the statement made by my colleague, the junior Senator from Colorado [Mr. MILLS], in commending the wonderful work that was done in handling this bill in committee by the senior Senator from Georgia.

Mr. President, I realize that at this late hour there is no real possibility of defeating the pending social-security measure. Nevertheless, I want the Record to show that at least one voice was raised in protest against it. I definitely want to assert my support of a genuine security program, based on a pay-as-you-go plan.

Mr. President, in my judgment this bill will not provide the security it promises. Millions of people, many of them in the greatest need, are completely excluded from this so-called security system, although they must share directly or indirectly in carrying the cost of it. Other millions can secure assistance only by submitting to the humiliating means test.

Furthermore, our experience is that the Federal Government itself by its own inflationary policies has destroyed more security than it has created. The devaluation of the buying power of the dollar has swept away the security of tens of thousands of industries, thirty people who planned and worked to provide for their own security.

I am afraid of this bill because it makes rosy promises but provides no real guaranty that they will be fulfilled. At the same time it places heavy and perhaps impossible burdens on the productive forces of this country, which in the long run are the only real basis for any kind of security. I believe we will never have a system of real security until we go over to a pay-as-you-go method, under which all the aged will be eligible, at moderate benefit rates within the capacity of the producing workers of the country to support.


The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the Record, as follows:

The Federal Government Is Undermining the Foundation of Security

The recent passage by the United States Senate of an expanded and liberalized social-security bill calls attention to the intense pressure of demand upon our economy for funds. While the craving for security is a challenge that must be met with sympathetic understanding, at the same time there should be a realistic appraisal of its impact. Any proposal along this line must be kept within our economic capacity and not defeat its purpose by carrying it so far that it cripples and paralyses personal initiative and enterprise as well as imposes an intolerable burden upon our economy.

The quest for security is worldwide. Demands for protection against the hazards of life in this country have stemmed from the growing complexity of our industrialized society as well as from the depression of the 1930's, threats of war, and inflationary trends. To aggravate the problem, medical science has extended the life span by one-third in the course of the past half century. Since 1900, the number of persons 65 years of age and over has increased by 261 percent as compared with a 100-percent gain for the population in general. Not only is the number of aged in excess of the economic capacity of the country, and by demanding periodic increases in pension payments could place a back-breaking load on the productive workers.

If we are to retain our present American system, the cost of social security must be paid out of current production which is the only real common pool that can be drawn upon for current consumption. A large proportion of the people, however, are under the illusion that by some magic power the Government can provide an abundant life and guarantee security without the recipients earning their passage. Throughout all ages, whenever a government endeavored to provide for people on an extensive scale it did so by using up past reserves followed by confiscatory taxes and sharp, extension of governmental power until free citizens became mere puppets. This same trend is clearly in evidence in Great Britain today. Sir Stafford Cripps, Chancellor of the Exchequer, reports that there has already been such a great redistribution of wealth in Great Britain within the past few years to provide for extended social services that for
the future, we must rely rather upon the creation of more distributable wealth than upon the redistribution of the income that exists. Total taxation, local and national, is now more than one-fourth of the national income, and at that level the redistribution of income entailed in the payment for social services and the considerable loss of personal income upon which the tax is levied, is likely to continue. Furthermore, we shall not be able to avoid entrenching, to an intolerable extent, upon the liberty of spending by the private individual for his own purposes. Here then is a great message from one of the outstanding leaders of the Labor Party who is learning from bitter experience the economic facts of life. An adequate warning should be heeded by our own country, which is traveling at high speed down the same road as Great Britain, based upon past experience. America follows Britain's lead. Social welfare plans by a time lag of one or two decades.

The irony of it all is that while the administration is aggressivel y carrying on a campaign for a comprehensive and liberal social-security program, at the same time it is undermining the very foundation of its program by diluting the purchasing power of the dollar through deficit financing. For 18 of the past 20 years the Federal Government has operated in the red. During this same period the administration has pursued an "easy" policy, which has resulted in a depression in the yield of bonds as well as a reduction in the rate of interest on savings deposits. As a result, the purchasing power of income, based on consumption and investments, has been cut in half since the Social Security Act started operations in 1937.

The inflationary policies of the Govern ment are choking the real value of payrolls, savings deposits, life insurance policies, annuities, and all other means that individuals have taken to protect themselves against the hazards of life. The net result is that instead of providing a real, characteristic inflation is sharply reduced. Through inflation, the Government is making it impossible for the American people to provide for their own security, and this in turn compels them to turn to the Government for aid. Because of this situation, demands for social security grow in snowball fashion.

While claims on future wealth for social welfare are multiplied manyfold, at the same time the creation of new wealth is throttled by taxes that severely restrict the flow of fresh capital into the purchase of the necessary tools and equipment that would provide new jobs and increase production. Prior to the war, the rise in man-hour output was at the rate of about 2 percent a year. Since the end of the war, however, according to the most reliable estimates, it has been less than 1 percent per year. And, of course, buying power shrinks so that each dollar buys less in terms of goods and services. France, a country suffering a people of what happens when claims on the national economy far exceed productivity. In that country the purchasing power of pensions has declined by 99 percent since 1914. Moreover, the time has come when a comprehensive social-security program must be made of all the types of claims on the national income that are allocated on a priority basis according to their relative importance, since taxes are in the danger zone. Colin Clark, an Australian economist, after an extensive research of many countries throughout the world, concluded that the critical limit of taxation is about 25 percent of national income, possibly less. If we assume that when this point is reached, governments resort to the easy way out by monetary devaluation, deficit financing, and inflation rather than by direct taxes, we shall find the situation in the United States—Federal, State, and local—are now about 25 percent of national income and they have reached the critical point. This Nation, in keeping with the expectation of other countries under similar circumstances, is already dependent upon a deficit financing program which the administration justifies on the grounds that it will expand the economy, provide increased revenue, and fortify our fiscal position. Otherwise, the theory of spending our way to solvency is repudiated by the experience of every country that has tried this experiment.

In view of the pressure of expenditures on our impaired margin of safety, it is highly essential that Government waste be kept to a minimum. Outstanding authorities, both liberal and conservative, have agreed that the Federal budget should be reduced by at least 500,000,000 without impairing any essential services. Public money wasted is parasitical as it robs the welfare plans, the schools, and the development of projects of money that could otherwise be made available to them. It would be well for all those agencies and individuals, and others deeply concerned with the promotion of social welfare to campaign against extravagance and waste of public money, since apparently this country has reached the limit of obtaining any further substantial increases in social security without making the same budgetary cuts as were forced upon Canada in 1933. In other words, the time has come, if this Nation is to remain solvent, when hard choices must be made on Government expenditures from money provided by the taxpayers.

Any comprehensive social security program must therefore rest on a relatively stable purchasing power of the dollar based on sound fiscal policies and on a dynamic productive economy with adequate incentives for risk-taking and rewards for contributions to the productive output of the country.

Mr. LEHMAN. Mr. President, I shall of course vote for the pending conference report. The PRESIDING OFFICER. The question is on agreeing to the conference report. The conference report provides for one proviso which the Senate adopted and which the House has yet to consider. This proviso could be put. Mr. President, I wish there were some way—I know some way was sought in the House of the provision to provide new jobs and increase production. It was adopted in the Senate in haste. It was the only Senator who protested. It will be regretted at leisure. Nevertheless, I shall vote for the conference report. I hope that the next Congress, or, if it were possible, this Congress—will correct this inequity.

Mr. HOLLAND. Mr. President, the distinguished senior Senator from Georgia has been kind enough to ask me to that he plans to prepare a statement in some detail on the coverage proposed for agricultural workers under the provisions of the conference report, and to insert it in the Record tomorrow so that the statement will become a part of the legislation of the bill. With that understanding I am very happy to accede to a vote on the conference report at this time.

Mr. GEORGE. Mr. President, if there is no further address to be made on the conference report, I hope we may have it agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT UNDER H. R. 6000 AS PASSED BY THE HOUSE OF REPRESENTATIVES, AS PASSED BY THE SENATE, AND ACCORDING TO CONFERENCE AGREEMENT

JULY 25, 1950

Prepared for the use of the Committee on Ways and Means by Robert J. Myers, Actuary to the Committee
### COMPARISON OF PRINCIPAL CHANGES IN THE OLD-AGE AND SURVIVORS INSURANCE SYSTEM MADE BY H. R. 6000

(No...—All changes effective as follows, unless otherwise noted: January 1, 1950, under bill as passed by House; January 1, 1951, for coverage changes and for second month following month of enactment for benefit changes under bill as passed by Senate; and January 1, 1951, for coverage changes and September 1950 for benefit changes according to conference agreement)

#### (1) Benefits Payable to

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>H. R. 6000 AS PASSED BY HOUSE</th>
<th>H. R. 6000 AS PASSED BY SENATE</th>
<th>CONFERENCE AGREEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Insured worker, age 65 or over.</td>
<td>No change.</td>
<td>No change.</td>
<td>No change.</td>
</tr>
<tr>
<td>(b) Wife, age 65 or over, of insured worker.</td>
<td>No change.</td>
<td>No change.</td>
<td>Same as Senate bill but with provision in House bill for no age requirement if child under 18 is present.</td>
</tr>
<tr>
<td>(c) Widow, age 65 or over, of insured worker.</td>
<td>No change.</td>
<td>No change.</td>
<td>Same as Senate bill.</td>
</tr>
<tr>
<td>(d) Children (under 18) of retired worker, and children of deceased worker and their mother regardless of her age.</td>
<td>Certain dependency and relationship requirements liberalized, especially in regard to dependency on married insured women.</td>
<td>Same as House bill, except provisions as to dependency on married women further liberalized.</td>
<td>No change.</td>
</tr>
<tr>
<td>(e) Dependent parents, age 65 or over, of deceased worker if no surviving widow or child who could have received benefits.</td>
<td>Lump-sum death payment where no monthly benefits immediately payable.</td>
<td>Same as existing law, except special provision where monthly benefits paid in first year are less than lump-sum.</td>
<td>Same as House bill.</td>
</tr>
<tr>
<td>(f) Lump-sum death payment where no monthly benefits immediately payable.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### (2) Insured Status

| | H. R. 6000 AS PASSED BY HOUSE | H. R. 6000 AS PASSED BY SENATE | CONFERENCE AGREEMENT |
| | After effective date, $100 of wages and $200 of self-employment income required for quarter of coverage. | Same as House bill, except only $50 of wages and $100 of self-employment income required for quarter of coverage. | Same as Senate bill. |
| (a) Based on “quarters of coverage,” namely, calendar quarters with $50 or more of wages. | Special provision for converting annual self-employment income into quarters of coverage. | Same as present law, except “new start” provides that such quarters of coverage (acquired after 1936) must at least equal half the quarters after 1950. Thus all now age 62 or over need have only 8 quarters of coverage. Not applicable for deaths prior to effective date. | Same as Senate bill. |
| (b) Fully insured (eligible for all benefits) requires one quarter of coverage for each two quarters after 1936 and before age 65 (or death if earlier). In no case more than 40 quarters of coverage required. | No change. | No change. | No change. |
| (c) Currently insured (eligible only for child, widowed mother, and lump-sum survivor benefits) requires 6 quarters of coverage out of 13 quarters preceding death. | No change. | Same as Senate bill. | No change. |
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

(3) WORKER'S MONTHLY OLD-AGE BENEFIT (CALLED “PRIMARY AMOUNT”)

EXISTING LAW

(a) Average monthly wage based on period from 1937 to age 65 (or death if earlier) regardless of whether in covered employment in all such years. A year of coverage is a calendar year in which $200 is credited.

(b) Monthly amount is 40 percent of first $30 of average wage plus 10 percent of next $200, all increased by 1 percent for each year of coverage.

H. R. 6000 AS PASSED BY HOUSE

Average monthly wage based on average over years of coverage (after either 1936 or 1949, whichever is higher). A year of coverage is a calendar year in which $400 is credited ($200 prior to 1950). Monthly amount is 50 percent of first $100 of average wage plus 10 percent of next $200, increased by 14 percent for each year of coverage, and unless in covered employment in entire period reduced by percentage of time out of covered employment since 1936 or 1949, whichever gives smaller reduction. Benefits of present beneficiaries increased by conversion table which gives effect to new benefit formula and new average wage concept; on the average, benefits will be increased by 70 percent, with somewhat greater relative increases for those receiving smallest amounts, as indicated by following table for certain illustrative cases:

<table>
<thead>
<tr>
<th>Present primary insurance benefit</th>
<th>New primary insurance amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>$25</td>
</tr>
<tr>
<td>15</td>
<td>31</td>
</tr>
<tr>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>25</td>
<td>44</td>
</tr>
<tr>
<td>30</td>
<td>51</td>
</tr>
<tr>
<td>35</td>
<td>55</td>
</tr>
<tr>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>45</td>
<td>64</td>
</tr>
<tr>
<td>(c) Minimum primary benefit, $10.</td>
<td>$25.</td>
</tr>
</tbody>
</table>

(d) Maximum family benefit, $85 or 80 percent of average wage if less (but in no case less than $20).

ILLUSTRATIVE PRIMARY BENEFITS FOR 10 YEARS OF COVERAGE, NO PERIOD OF NONCOVERAGE:

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill and conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$27.50</td>
<td>$52.50</td>
<td>$50.00</td>
</tr>
<tr>
<td>$150</td>
<td>31.00</td>
<td>67.00</td>
<td>65.50</td>
</tr>
<tr>
<td>$200</td>
<td>38.00</td>
<td>68.00</td>
<td>65.00</td>
</tr>
<tr>
<td>$250</td>
<td>44.00</td>
<td>68.30</td>
<td>72.50</td>
</tr>
<tr>
<td>$300</td>
<td>44.00</td>
<td>73.50</td>
<td>80.00</td>
</tr>
</tbody>
</table>

H. R. 6000 AS PASSED BY SENATE

Same as existing law, except “new start” average beginning after 1950 may be used for those with 6 quarters of coverage after 1950.

For those with “new start” average wage, monthly amount is 50 percent of first $100 of average wage plus 15 percent of next $200. For all others (including present beneficiaries, and for those with “new start” if it produces a larger benefit) the benefit is computed under existing law (but with no 1 percent increase for years after 1950) and then increased by conversion table; benefits will be increased on the average by 85 percent, as indicated by following table for certain illustrative cases:

<table>
<thead>
<tr>
<th>New primary insurance amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25, unless average monthly wage is less than $34—then $20.</td>
</tr>
</tbody>
</table>

CONFERENCE AGREEMENT

Same as Senate bill except conversion table is lowered so that benefits are increased on the average by 77½ percent, as indicated by following table for certain illustrative cases:

<table>
<thead>
<tr>
<th>New primary insurance amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25, unless average monthly wage is less than $35—then graded down to $20 for average monthly wage of $30 or less.</td>
</tr>
</tbody>
</table>

Same as House bill.
### SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

(f) Illustrative primary benefits for 40 years of coverage, no periods of noncoverage:

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill and conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$35.00</td>
<td>$60.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>$150</td>
<td>$42.00</td>
<td>$66.00</td>
<td>$57.50</td>
</tr>
<tr>
<td>$200</td>
<td>$49.00</td>
<td>$72.00</td>
<td>$65.00</td>
</tr>
<tr>
<td>$250</td>
<td>$56.00</td>
<td>$78.00</td>
<td>$72.50</td>
</tr>
<tr>
<td>$300</td>
<td>$66.00</td>
<td>$84.00</td>
<td>$80.00</td>
</tr>
</tbody>
</table>

(g) Illustrative primary benefits for 5 years of coverage, 5 years of noncoverage, all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill and conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$21.00</td>
<td>$26.30</td>
<td>$25.00</td>
</tr>
<tr>
<td>$150</td>
<td>$23.63</td>
<td>$28.90</td>
<td>$37.50</td>
</tr>
<tr>
<td>$200</td>
<td>$26.25</td>
<td>$31.50</td>
<td>$50.00</td>
</tr>
<tr>
<td>$250</td>
<td>$28.88</td>
<td>$34.20</td>
<td>$53.80</td>
</tr>
<tr>
<td>$300</td>
<td>$28.88</td>
<td>$36.80</td>
<td>$57.50</td>
</tr>
</tbody>
</table>

(h) Illustrative primary benefits for 20 years of coverage, 20 years of noncoverage all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill and conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$24.00</td>
<td>$30.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>$150</td>
<td>$27.00</td>
<td>$33.00</td>
<td>$37.50</td>
</tr>
<tr>
<td>$200</td>
<td>$30.00</td>
<td>$36.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>$250</td>
<td>$33.00</td>
<td>$39.00</td>
<td>$53.80</td>
</tr>
<tr>
<td>$300</td>
<td>$33.00</td>
<td>$42.00</td>
<td>$57.50</td>
</tr>
</tbody>
</table>

(i) Illustrative primary benefits for 10 years of coverage, 30 years of noncoverage, all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill and conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$11.00</td>
<td>$25.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>$150</td>
<td>$16.50</td>
<td>$25.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>$200</td>
<td>$22.00</td>
<td>$25.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>$250</td>
<td>$25.38</td>
<td>$25.00</td>
<td>$31.30</td>
</tr>
<tr>
<td>$300</td>
<td>$25.38</td>
<td>$25.00</td>
<td>$37.50</td>
</tr>
</tbody>
</table>
**SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT**

**BENEFIT AMOUNTS OF DEPENDENTS AND SURVIVORS RELATIVE TO WORKER'S MONTHLY PRIMARY BENEFIT**

<table>
<thead>
<tr>
<th>EXISTING LAW</th>
<th>H. R. 6000 AS PASSED BY HOUSE</th>
<th>H. R. 6000 AS PASSED BY SENATE</th>
<th>CONFERENCE AGREEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(a) Wife, one-half of primary.</strong></td>
<td>No change.</td>
<td>No change.</td>
<td>No change.</td>
</tr>
<tr>
<td><strong>(b) Widow, three-quarters of primary.</strong></td>
<td>No change.</td>
<td>No change.</td>
<td>No change.</td>
</tr>
<tr>
<td><strong>(c) Child, one-half of primary.</strong></td>
<td>No change, except for deceased worker family, first child gets three-quarters of primary.</td>
<td>Same as existing law.</td>
<td>Same as House bill.</td>
</tr>
<tr>
<td><strong>(d) Parent, one-half of primary.</strong></td>
<td>Three-quarters of primary.</td>
<td>Same as existing law.</td>
<td>Same as House bill.</td>
</tr>
<tr>
<td><strong>(e) Lump sum at death, six times primary benefit.</strong></td>
<td>Three times primary benefit.</td>
<td>Same as existing law.</td>
<td>Same as House bill.</td>
</tr>
</tbody>
</table>

**(f) Illustrative monthly benefits for retired workers:**

<table>
<thead>
<tr>
<th>Average monthly wage</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill and conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>Married 1</td>
<td>Single</td>
<td>Married 1</td>
</tr>
<tr>
<td><strong>INSURED WORKER COVERED FOR 5 YEARS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50</td>
<td>$21</td>
<td>$32</td>
<td>$28</td>
</tr>
<tr>
<td>$100</td>
<td>26</td>
<td>47</td>
<td>54</td>
</tr>
<tr>
<td>$150</td>
<td>37</td>
<td>55</td>
<td>63</td>
</tr>
<tr>
<td>$200</td>
<td>42</td>
<td>63</td>
<td>70</td>
</tr>
<tr>
<td>$250</td>
<td>42</td>
<td>63</td>
<td>72</td>
</tr>
<tr>
<td><strong>INSURED WORKER COVERED FOR 40 YEARS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50</td>
<td>$26</td>
<td>$40</td>
<td>$30</td>
</tr>
<tr>
<td>$100</td>
<td>31</td>
<td>52</td>
<td>60</td>
</tr>
<tr>
<td>$150</td>
<td>42</td>
<td>63</td>
<td>66</td>
</tr>
<tr>
<td>$200</td>
<td>49</td>
<td>74</td>
<td>72</td>
</tr>
<tr>
<td>$250</td>
<td>56</td>
<td>84</td>
<td>78</td>
</tr>
<tr>
<td>$300</td>
<td>60</td>
<td>84</td>
<td>84</td>
</tr>
</tbody>
</table>

1 With wife 65 or over.

Note.—"Average wage" is computed differently under the various plans (see text). These figures are based on the assumption that the insured worker was in covered employment steadily each year after 1950.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

(g) Illustrative monthly benefits for survivors of insured workers:

[All figures rounded to nearest dollar]

<table>
<thead>
<tr>
<th>Average monthly wage</th>
<th>Present law</th>
<th>House bill Senate bill and conference agreement</th>
<th>Present law</th>
<th>House bill Senate bill and conference agreement</th>
<th>Present law</th>
<th>House bill Senate bill and conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500</td>
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<td>$75</td>
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</tbody>
</table>

INSURED WORKER COVERED FOR 5 YEARS

<table>
<thead>
<tr>
<th></th>
<th>Widow and 1 child</th>
<th>Widow and 2 children</th>
<th>Widow and 3 children</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500</td>
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<td>$38</td>
<td>$38</td>
</tr>
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</tr>
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<td>$2,000</td>
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<td>$96</td>
</tr>
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</tr>
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<td>$114</td>
<td>$100</td>
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<table>
<thead>
<tr>
<th></th>
<th>1 child alone</th>
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<th>Aged widow 1</th>
</tr>
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<tbody>
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</tr>
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</table>

INSURED WORKER COVERED FOR 40 YEARS

<table>
<thead>
<tr>
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<th>Widow and 1 child</th>
<th>Widow and 2 children</th>
<th>Widow and 3 children</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$3,000</td>
<td>$70</td>
<td>$126</td>
<td>$100</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>1 child alone</th>
<th>2 children alone</th>
<th>Aged widow 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500</td>
<td>$10</td>
<td>$19</td>
<td>$19</td>
</tr>
<tr>
<td>$1,000</td>
<td>$13</td>
<td>$38</td>
<td>$38</td>
</tr>
<tr>
<td>$1,500</td>
<td>$16</td>
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<td>$42</td>
</tr>
<tr>
<td>$2,000</td>
<td>$18</td>
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</tr>
<tr>
<td>$2,500</td>
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<td>$50</td>
<td>$50</td>
</tr>
<tr>
<td>$3,000</td>
<td>$21</td>
<td>$54</td>
<td>$54</td>
</tr>
</tbody>
</table>

1 Age 65 or over.

Note.— "Average wage" is computed differently under the various plans (see text). These figures are based on the assumption that the insured worker was in covered employment steadily each year after 1950.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

(5) AMOUNT OF EMPLOYMENT PERMITTED BENEFICIARY FOR BENEFIT RECEIPT (WORK CLAUSE)

EXISTING LAW

No benefits paid for month in which $15 or more earned in covered employment.

H. R. 6000 AS PASSED BY HOUSE

Same except $15 limit is increased to $50 and no limitation at all after age 75.

H. R. 6000 AS PASSED BY SENATE

Same as House bill.

CONFERENCE AGREEMENT

Same as House bill.

(6) COVERED EMPLOYMENT

In addition to existing coverage, includes the following groups:

(a) Farm self-employed other than certain professionals (physicians, lawyers, dentists, osteopaths, veterinarians, chiropractors, optometrists, Christian Science practitioners, and certain professional engineers);

(b) State and local government employees on elective basis by the State, except that where retirement system exists, employees and beneficiaries must favor by two-thirds majority in referendum, and except for certain transit workers who are covered compulsorily;

(c) Regularly employed nonfarm domestic servants (based on 26 days of work during a quarter);

(d) Employees of nonprofit institutions other than ministers (on compulsory basis for employees and voluntary basis for employer);

(e) Agricultural processing workers off the farm;

(f) Federal employees not covered under retirement system other than those in very temporary or casual employment;

(g) Americans employed by American employer outside the United States and employees on American aircraft outside the United States in the same manner as for ships;

(h) Employment in Puerto Rico and Virgin Islands;

(i) Salesmen, and certain other employees, who were deprived of coverage as employees by Public Law 642, Eightieth Congress;

(j) Tips reported to the employer are included as wages.

7) PERMANENT AND TOTAL DISABILITY BENEFITS

None.

For worker both currently insured and having 20 quarters of coverage out of last 10 years. Amount of primary benefit determined as for retired worker. No benefit for dependents of disabled worker. Benefits begin in January 1951.
### (8) Wage Credits for World War II Service

<table>
<thead>
<tr>
<th>Existing Law</th>
<th>H.R. 6000 as Passed by House</th>
<th>H.R. 6000 as Passed by Senate</th>
<th>Conference Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>None.</td>
<td>World War II veterans (including those who died in service) given wage credits of $160 for each month of military service in World War II.</td>
<td>Same as House bill except that credit not given if service is used for any other Federal retirement system and except that additional cost is to be borne by trust fund (instead of by general Treasury as in House bill).</td>
<td>Same as Senate bill.</td>
</tr>
</tbody>
</table>

### (9) Maximum Annual Wage and Self-Employment Income for Tax and Benefit Purposes

<table>
<thead>
<tr>
<th>Provision</th>
<th>H.R. 6000 as Passed by House</th>
<th>H.R. 6000 as Passed by Senate</th>
<th>Conference Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000</td>
<td>$3,600 after 1949.</td>
<td>$3,600 after 1950.</td>
<td>Same as Senate bill.</td>
</tr>
</tbody>
</table>

### (10) Tax (or Contribution) Rates

1 percent on employer and 1 percent on employee through 1949, 1½ percent on employer and 1½ percent on employee for 1950, 2 percent for 1951-54, 3 percent for 1955-59, and 3½ percent thereafter, except:

(a) For self-employed, 1½ times rate for employees. Self-employment income taxed would be, in general, net income from trade or business;

(b) For nonprofit employment, no tax is imposed on employer who can pay it voluntarily. If employer does not pay tax, employee receives credit for only 50 percent of his taxed wages.

### (11) Appropriations from General Revenues

| Appropriations authorized for such sums as may be required to finance the program. | Provision in existing law repealed. | Same as House bill. | Same as House bill. |

### (12) Combined Withholding of Income and Employee Social Security Taxes

<table>
<thead>
<tr>
<th>No provision.</th>
<th>No provision.</th>
<th>No provision.</th>
<th>No provision.</th>
</tr>
</thead>
</table>

Single combined withholding of income tax and employee social security tax applicable generally in those cases in which wages paid to the employee are subject to withholding for both classes of taxes. If the employee's wages are not subject to withholding for income tax purposes—such as in the case of wages paid for domestic services in a private home—combined withholding will not apply.
COMPARISON OF PRINCIPAL CHANGES IN FEDERAL-STATE PUBLIC ASSISTANCE AND CHILD HEALTH AND WELFARE SERVICE PROGRAMS MADE BY H. R. 6000

(Notes.—All changes effective as follows, unless otherwise noted: October 1, 1946, under bill as passed by House; October 1, 1950, under bill as passed by Senate and according to conference agreement.)

I. GROUPS ELIGIBLE FOR AID

| Three categories defined for assistance purposes as needy persons: (1) 65 years of age and over, (2) blind, and (3) children under 16 years of age and children age 16-17, if they are regularly attending school.
| Fourth category provided for permanently and totally disabled individuals who are in need. For aid to dependent children the mother or other relative with whom a dependent child is living is included as a recipient for Federal matching purposes.

II. FEDERAL SHARE OF PUBLIC ASSISTANCE EXPENDITURES

Federal share for old-age assistance and aid to blind is three-fourths of first $20 of a State's average monthly payment plus one-half of the remainder within individual maximums of $50; for aid to dependent children, three-fourths of the first $12 of the average monthly payment per child, plus one-half the remainder within individual maximums of $27 for the first child and $18 for each additional child in a family. Administrative costs shared 60 percent by Federal Government and 50 percent by States.

Federal share for old-age assistance, aid to the blind, and aid to the permanently and totally disabled is four-fifths of the first $25 of a State's average monthly payment, plus one-half of the next $10, plus one-third of the remainder within individual maximums of $50; for aid to dependent children, four-fifths of the first $18 of the average monthly payment per recipient, plus one-half of the next $6, plus one-third of the next $6 within individual maximums of $27 for the relative with whom the children are living, $27 for the first child, and $18 for each additional child in a family. Administrative costs same basis as present law.

Same as existing law, except that individual maximums for aid to dependent children are raised from $27 to $30 for the relative with whom the children are living and for the first child and from $18 to $20 for all other children and except that for old-age assistance payments supplementing old-age insurance benefits for those first becoming entitled to such benefits in or after the second month after enactment, Federal share is on a 60-40 basis.

Federal share for old-age assistance, aid to blind, and aid to the permanently and totally disabled in-vididuals must be at least 18 years old.

Add to dependent children: Amount and percent of Federal funds in average monthly payments to families of specified size, under present law and under H. R. 6000

<table>
<thead>
<tr>
<th>Average monthly payments 1</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
<th>Conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal funds</td>
<td>Percent of total</td>
<td>Federal funds</td>
<td>Percent of total</td>
</tr>
<tr>
<td>1-child family</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25.</td>
<td>$15.60</td>
<td>62</td>
<td>$20.00</td>
<td>80</td>
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<tr>
<td>$35.</td>
<td>$16.60</td>
<td>67</td>
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<tr>
<td>$45.</td>
<td>$17.60</td>
<td>72</td>
<td>$22.00</td>
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<td>$18.60</td>
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<td>$23.00</td>
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<tr>
<td>$65.</td>
<td>$19.60</td>
<td>82</td>
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<tr>
<td></td>
<td>$21.50</td>
<td>92</td>
<td>$26.00</td>
<td>104</td>
</tr>
<tr>
<td>2-child family</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25.</td>
<td>$23.50</td>
<td>75</td>
<td>$24.00</td>
<td>80</td>
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<td>80</td>
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<tr>
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<td>$29.00</td>
<td>105</td>
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<tr>
<td></td>
<td>$30.50</td>
<td>100</td>
<td>$30.00</td>
<td>100</td>
</tr>
</tbody>
</table>

1 Average for Federal matching purposes includes all payments within the maximums for families of specified size, and in the case of larger payments, the amounts of such maximums.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

Aid to dependent children: Amount to which average monthly payments to families of specified size under present provisions could be increased under H. R. 6000 assuming the same average expenditure per family from State and local funds

<table>
<thead>
<tr>
<th>Average monthly payments</th>
<th>Present law</th>
<th>House bill</th>
<th>Senate bill</th>
<th>Conference agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal</td>
<td>State and</td>
<td>Federal</td>
<td>Increase in Federal</td>
</tr>
<tr>
<td></td>
<td>funds</td>
<td>local funds</td>
<td>funds</td>
<td>funds</td>
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<tr>
<td>1-child family</td>
<td></td>
<td></td>
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<td></td>
</tr>
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<tr>
<td>3-child family</td>
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<td>$56.00</td>
<td>$16.00</td>
</tr>
</tbody>
</table>

1 Average for Federal matching purposes includes all payments within the maximums for families of specified size, and in the case of large payments, the amounts of such maximums.

III. MEDICAL CARE

EXISTING LAW

Federal sharing in costs of medical care limited to amounts paid to recipients that can be included within the monthly maximums on individual payments. No State-Federal assistance provided persons in public institutions unless they are receiving temporary medical care in such institutions.

H. R. 6000 AS PASSED BY HOUSE

Federal Government will share in cost of payments made directly to medical practitioners and other suppliers of medical services, which when added to any money paid to the individual, does not exceed the monthly maximums on individual payments. Federal Government shares in the cost of payments to recipients of old-age assistance, aid to the blind, and aid to the permanently and totally disabled living in public medical institutions other than those for mental disease and tuberculosis.

H. R. 6000 AS PASSED BY SENATE

Same as House bill, except that no plan for aid to disabled is provided and except for specific authorization for Federal Government to share in direct payments made to suppliers of medical care as well as to suppliers of medical care.

CONFERENCE AGREEMENT

Same as Senate bill, except that plan for aid to disabled is provided.
### SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

#### IV. CHANGES IN REQUIREMENTS FOR STATE PUBLIC-ASSISTANCE PLANS

#### A. RESIDENCE

**EXISTING LAW**

For old-age assistance and aid to the blind, a State may not require, as a condition of eligibility, residence in a State for more than 5 of the 9 years immediately preceding application and one continuous year before filing the application. For aid to dependent children, the maximum requirement for the child is 1 year of residence immediately preceding application, or if the child is less than a year old, birth in the State and continuous residence by the mother in the State for 1 year preceding the birth.

**H. R. 6000 AS PASSED BY HOUSE**

No change in requirements for old-age assistance and aid to dependent children. For aid to the blind, effective July 1, 1951, a State may not require, as a condition of eligibility, residence in the State of more than one continuous year prior to filing of the application for aid. For aid to the permanently and totally disabled no State may impose a residence requirement more restrictive than that in its plan for aid to the blind on July 1, 1949, and beginning July 1, 1951, the maximum residence requirement is 1 year immediately preceding the application for aid. (All other requirements for aid to the permanently and totally disabled are the same as for old-age assistance.)

**H. R. 6000 AS PASSED BY SENATE**

Same as existing law.

**CONFERENCE AGREEMENT**

Same as Senate bill.

#### B. INCOME AND RESOURCES

**EXISTING LAW**

For the three categories a State must, in determining need, take into consideration the income and resources of an individual claiming assistance.

**H. R. 6000 AS PASSED BY HOUSE**

Provision in existing law is made applicable to aid to the permanently and totally disabled. For aid to the blind, effective October 1, 1949, a State may disregard such amount of earned income, up to $50 per month, as the State vocational rehabilitation agency for the blind certifies will serve to encourage or assist the blind to prepare for, or engage in remunerative employment; effective July 1, 1951, a State must, in determining the need of any blind individual, disregard any income or resources which are not predictable or actually not available to the individual and take into consideration the special expenses arising from blindness.

**H. R. 6000 AS PASSED BY SENATE**

Effective July 1, 1952, a State must disregard earned income, up to $50 per month, of an individual claiming aid to the blind; prior to July 1, 1952, the exemption of earned income, up to $50 per month is discretionary with each State. Same income and resources provisions as in existing law for the other categories.

**CONFERENCE AGREEMENT**

Same as Senate bill.

#### C. TEMPORARY APPROVAL OF STATE PLANS FOR AID TO THE BLIND

**EXISTING LAW**

No provision.

**H. R. 6000 AS PASSED BY HOUSE**

For the period October 1, 1949, to June 30, 1955, any State which did not have an approved plan for aid to the blind on January 1, 1949, shall have its plan approved even though it does not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act (relating to consideration of income and resources in determining need). The Federal grant for such State, however, shall be based only upon expenditures made in accordance with the aforementioned income and resources requirement of the act.

**H. R. 6000 AS PASSED BY SENATE**

Same as House bill except that provision applies after October 1, 1950, and with no termination date.

**CONFERENCE AGREEMENT**

Same as House bill except that provision applies after October 1, 1950, and terminates June 30, 1955.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

D. EXAMINATION TO DETERMINE BLINDNESS

EXISTING LAW
No provision.

H. R. 6000 AS PASSED BY HOUSE
A State aid-to-the-blind plan must provide that, in determining blindness, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist.

H. R. 6000 AS PASSED BY SENATE
A State aid-to-the-blind plan must provide that, in determining blindness, there shall be an examination by a physician skilled in diseases of the eye. Also the plan must provide that the services of optometrists within the scope of their practice as prescribed by State law shall be available to individuals already determined to be eligible for aid to the blind (if desired and needed by them), as well as to recipients of any grant-in-aid program for improvement or conservation of vision.

CONFERENCE AGREEMENT
Same as House bill, but mandatory July 1, 1952, and discretionary with each State prior thereto.

E. ASSISTANCE TO BE FURNISHED PROMPTLY

No specific provision relating to opportunity to apply for assistance promptly.

Opportunity must be afforded all individuals to apply for assistance, and assistance must be furnished promptly to all eligible individuals.

Same as Senate bill.

F. FAIR HEARING

Fair hearing must be provided individual whose claim for assistance is denied. No specific provision for individual whose claim is not acted upon within a reasonable time.

Fair hearing must be provided by State agency to individual whose claim for assistance is denied or not acted upon within reasonable time.

Same as Senate bill.

G. STANDARDS FOR INSTITUTIONS

No provision.

If a State plan for old-age assistance, aid to the blind, or aid to the permanently and totally disabled provides for payments to individuals in private or public institutions, the State must have a State authority to establish and maintain standards for such institutions. (Effective July 1, 1953.)

Same as Senate bill.

H. TRAINING PROGRAM FOR PERSONNEL

No specific provision.

States must provide a training program for the personnel necessary to the administration of the plan.

No specific provision.

Same as Senate bill.

I. NOTIFICATION TO LAW ENFORCEMENT OFFICIALS

No provision.

In aid to dependent children the States must provide for prompt notice to appropriate law-enforcement officials in any case in which aid is furnished to a child who has been deserted or abandoned by a parent.

Same as Senate bill.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

V. PUERTO RICO AND THE VIRGIN ISLANDS

EXISTING LAW

Federal funds for public assistance are not available to Puerto Rico and the Virgin Islands.

H. R. 6000 AS PASSED BY HOUSE

The four categories of assistance are extended to Puerto Rico and the Virgin Islands. The Federal share, for old-age assistance, aid to the blind, and aid to the permanently and totally disabled is limited to one-half of the total sums expended under an approved plan up to a maximum payment for any individual of $30 per month. For aid to dependent children the Federal share is limited to one-half of the expenditures under an approved plan up to individual maximums of $27 for the first child and $18 for each additional child in a family. Administrative costs are matched by the Federal Government on a 50-50 basis.

H. R. 6000 AS PASSED BY SENATE

Same as existing law.

CONFERENCE AGREEMENT

Same as House bill, except that maximum annual Federal grant shall be $4,200,000 for Puerto Rico and $100,000 for the Virgin Islands.

VI. CHILD WELFARE SERVICES

Authorization for annual appropriation increased to $7,000,000 and the $20,000 now allotted to each State is increased to $40,000 with the remainder to be allotted on the basis of rural population of the respective States. Specific provision is made for the payment of the cost of returning any runaway child under age 18 to his own community in another State if such return is in the interest of the child and the cost cannot otherwise be met. (Effective for fiscal years beginning after June 30, 1950.)

VI. CHILD WELFARE SERVICES

Authorization for annual appropriation increased to $7,000,000 and the $20,000 now allotted to each State is increased to $40,000 with the remainder to be allotted on the basis of rural population of the respective States. Specific provision is made for the payment of the cost of returning any runaway child under age 18 to his own community in another State if such return is in the interest of the child and the cost cannot otherwise be met. (Effective for fiscal years beginning after June 30, 1950.)

Same as Senate bill, except that annual authorization is $100,000,000.

VII. MATERNAL AND CHILD HEALTH SERVICES

Same as existing law.

Authorization for annual appropriation increased to $20,000,000 and the $35,000 uniform allotment to each State is increased to $60,000. Otherwise, the provisions of present law relating to the apportionment of funds are unchanged. (Effective for fiscal years beginning after June 30, 1950.)

VII. MATERNAL AND CHILD HEALTH SERVICES

Same as Senate bill, except that annual authorization is $15,000,000 for fiscal year beginning July 1, 1950, and $16,500,000 for subsequent years.
SUMMARY OF PRINCIPAL CHANGES IN THE SOCIAL SECURITY ACT

VIII. SERVICES FOR CRIPPLED CHILDREN

EXISTING LAW

Authorizes an annual appropriation of $7,500,000. One-half of this amount is distributed among the States as follows: $30,000 to each State, and the remainder of the one-half on the basis of need after consideration of the number of crippled children in the State needing services and the cost of such services. The second one-half is distributed on the same basis of need.

H. R. 6000 AS PASSED BY HOUSE

Same as existing law.

H. R. 6000 AS PASSED BY SENATE

Authorization for annual appropriation increased to $15,000,000 and the $30,000 annual allotment to each State is increased to $60,000. Otherwise, the provisions of present law relating to the apportionment of funds are unchanged. (Effective for fiscal years beginning after June 30, 1950.)

CONFERENCE AGREEMENT

Same as Senate bill, except that annual authorization is $12,000,000 for fiscal year beginning July 1, 1950, and $15,000,000 for subsequent years.

COMPARISON OF PRINCIPAL CHANGES IN THE UNEMPLOYMENT INSURANCE SYSTEM MADE BY H. R. 6000

The bill passed by the House made no changes in this program. The bill passed by the Senate made the following changes in existing law:

1. Title XII of the act, allowing advances to the accounts of States in the unemployment trust fund, expired January 1, 1950; the bill would make this title operative through December 31, 1951.

2. The bill removes the Secretary of Labor's authority to find a State law out of conformity with Federal requirements specified in section 1603 (a) of the Internal Revenue Code unless the State law has been amended by the legislature. The bill also postpones the effect of the Secretary's finding of a State's unemployment insurance law out of conformity for 90 days after the Governor of the State has been notified of the finding of nonconformity. Moreover, the Secretary can make no finding that a State is failing to comply substantially with provisions in its law required by section 1603 (a) (5), if further administrative or judicial review of the interpretation of the State law is provided under the laws of the State. Also if after notice and opportunity for hearing of the State agency, the Secretary finds that there is denial of unemployment compensation benefits in a substantial number of cases to individuals entitled thereto under the law of the State, he may not withhold Federal funds for administration of the State unemployment insurance law until the question of entitlement to benefits has been decided by the highest judicial authority given jurisdiction under State law.

The conference agreement was the same as the Senate bill.
SUMMARY OF PRINCIPAL CHANGES IN THE OLD-AGE AND SURVIVORS INSURANCE SYSTEM UNDER H. R. 6000, ACCORDING TO CONFERENCE AGREEMENT

JULY 25, 1950

Prepared for the use of the Committee on Ways and Means by Robert J. Myers, Actuary to the Committee

UNITED STATES

WASHINGTON : 1950
SUMMARY OF PRINCIPAL CHANGES IN THE OLD-AGE AND SURVIVORS INSURANCE SYSTEM UNDER H. R. 6000, ACCORDING TO CONFERENCE AGREEMENT

(Note.—All changes effective on January 1, 1951, for coverage changes and September 1950 for benefit changes, unless otherwise noted)

(1) Benefits Payable to—

Existing Law

(a) Insured worker, age 65 or over.
(b) Wife, age 65 or over, of insured worker.
(c) Widow, age 65 or over, of insured worker.
(d) Children (under 18) of retired worker, and children of deceased worker and their mother regardless of her age.
(e) Dependent parents, age 65 or over, of deceased worker if no surviving widow or child who could have received benefits.
(f) Lump-sum death payment where no monthly benefits immediately payable.

HR. 6000

No change.
No change in age requirement other than that no age requirement if child under 18 is present; benefits provided for dependent husbands, age 65 or over.
No change, except benefits provided for dependent widowers, age 65 or over.
Certain dependency and relationship requirements liberalized, especially in regard to dependency on married insured women.
No change.
Lump-sum for all insured deaths.

(2) Insured Status

(a) Based on “quarters of coverage,” namely, calendar quarters with $50 or more of wages.
(b) Fully insured (eligible for all benefits) requires one quarter of coverage for each two quarters after 1936 and before age 65 (or death if earlier). In no case more than 40 quarters of coverage required. Minimum of 6 quarters of coverage required.
(c) Currently insured (eligible only for child, widowed mother, and lump-sum survivor benefits) requires 6 quarters of coverage out of 13 quarters preceding death.

$100 of self-employment income required for quarter of coverage. Special provision for converting annual self-employment income into quarters of coverage.
Same as present law, except “new start” provides that such quarters of coverage (acquired after 1936) must at least equal half the quarters after 1950. Thus all now age 62 or over need have only 6 quarters of coverage. Not applicable for deaths prior to effective date.
No change.
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C. Constitutional Aspects of an Elective Social Security System as to Certain Uncovered  
   Groups, Prepared by the Staff of the Joint Committee on Internal Revenue Taxation—  
   May 25, 1949

D. Definition of "Employee" for Purposes of Old Age and Survivors Insurance, Prepared for  
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E. Analysis of Definition of Employee in Committee Print, Prepared for the Committee on Ways  
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F. Summary of Principal Changes in the Social Security Act Under H.R. 6000—Committee  
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G. Actuarial Cost Estimates for Expanded, Coverage and Liberalized Benefits Proposed for  
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H. Extension of Social Security to Puerto Rico and the Virgin Islands, Report to the Committee on Ways  
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   H.R. 2892 (as introduced)—February 21, 1949
   H.R. 2893 (as introduced)—February 21, 1949

Section by Section Summary of H.R. 2893, A Bill to Extend and Improve the Old-Age and Survivors Insurance System, to Add Protection Against Disability, and for Other Purposes—Committee on Ways and Means—Committee Print—March 26, 1949

Report on the Hearings Before the Ways and Means Committee on H.R. 2893, the Old-Age and Survivors Insurance Revision Bill, Prepared by the Staff of the Joint Committee on Internal Revenue Taxation—May 3, 1949

Testimony

Major Alternative Proposal
   H.R. 6297 (as introduced)—October 3, 1949
   (Incorporates nine recommendations listed by the minority on page 158 of the Ways and Means Committee Report (to accompany H.R. 6000) as to how the bill should be changed.)

Publications

Director's Bulletins
   No. 161, Provisions of the Administration Bill, H.R. 2893—March 4, 1949
   No. 167, Bill to Amend the Social Security Act, Approved by Committee on Ways and Means (H.R. 6000)—August 15, 1949
   No. 169, Conferees' Decisions on Social Security Act Amendments of 1950 (H.R. 6000)—July 27, 1950
   No. 169, Supplement, Conferees' Decisions on Social Security Act Amendments of 1950 (H.R. 6000)—August 17, 1950

Listing of Reference Material
REVENUE ACT OF 1950
(excerpts only)
(3) Worker's Old-Age Benefit (Called "Primary Amount")

EXISTING LAW

(a) Average monthly wage based on period from 1937 to age 65 (or death if earlier) regardless of whether in covered employment in all such years. A year of coverage is a calendar year in which $200 is credited.

(b) Monthly amount is 40 percent of first $50 of average wage plus 10 percent of next $200, all increased by 1 percent for each year of coverage.

H. R. 6000

Same as existing law, except "new start" average beginning after 1950 may be used for those with 6 quarters of coverage after 1950.

For those with "new start" average wage, monthly amount is 50 percent of first $100 of average wage plus 15 percent of next $200. For all others (including present beneficiaries, and for those with "new start" if it produces a larger benefit) the benefit is computed under existing law (but with no 1 percent increase for years after 1950) and then increased by conversion table (average increase of 77½ percent), as indicated by following table for certain illustrative cases:

<table>
<thead>
<tr>
<th>Present primary insurance benefit</th>
<th>New primary insurance amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>$20.00</td>
</tr>
<tr>
<td>15</td>
<td>30.00</td>
</tr>
<tr>
<td>20</td>
<td>37.00</td>
</tr>
<tr>
<td>25</td>
<td>46.50</td>
</tr>
<tr>
<td>30</td>
<td>54.00</td>
</tr>
<tr>
<td>35</td>
<td>59.20</td>
</tr>
<tr>
<td>40</td>
<td>64.00</td>
</tr>
<tr>
<td>45</td>
<td>68.50</td>
</tr>
</tbody>
</table>

(c) Minimum primary benefit, $25, unless average monthly wage is less than $35—then graded down to $20 for average monthly wage of $30 or less.

(d) Maximum family benefit, $150, or 80 percent of average wage if less (but in no case less than $40).

$85 or 80 percent of average wage or twice the primary benefit, whichever is least (but in no case less than $20).
(e) Illustrative primary benefits for 10 years of coverage, no period of noncoverage:

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$27.50</td>
<td>$50.00</td>
</tr>
<tr>
<td>$150</td>
<td>33.00</td>
<td>57.50</td>
</tr>
<tr>
<td>$200</td>
<td>38.50</td>
<td>65.00</td>
</tr>
<tr>
<td>$250</td>
<td>44.00</td>
<td>72.50</td>
</tr>
<tr>
<td>$300</td>
<td>44.00</td>
<td>80.00</td>
</tr>
</tbody>
</table>

(f) Illustrative primary benefits for 40 years of coverage, no periods of noncoverage.

<table>
<thead>
<tr>
<th>Level monthly wage</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$35.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>$150</td>
<td>42.00</td>
<td>57.50</td>
</tr>
<tr>
<td>$200</td>
<td>49.00</td>
<td>65.00</td>
</tr>
<tr>
<td>$250</td>
<td>56.00</td>
<td>72.50</td>
</tr>
<tr>
<td>$300</td>
<td>56.00</td>
<td>80.00</td>
</tr>
</tbody>
</table>

(g) Illustrative primary benefits for 5 years of coverage, 5 years of noncoverage, all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$21.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>$150</td>
<td>23.63</td>
<td>37.50</td>
</tr>
<tr>
<td>$200</td>
<td>26.25</td>
<td>50.00</td>
</tr>
<tr>
<td>$250</td>
<td>28.88</td>
<td>53.80</td>
</tr>
<tr>
<td>$300</td>
<td>28.88</td>
<td>57.50</td>
</tr>
</tbody>
</table>

(h) Illustrative primary benefits for 20 years of coverage, 20 years of noncoverage, all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$24.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>$150</td>
<td>27.00</td>
<td>37.50</td>
</tr>
<tr>
<td>$200</td>
<td>30.00</td>
<td>50.00</td>
</tr>
<tr>
<td>$250</td>
<td>33.00</td>
<td>53.80</td>
</tr>
<tr>
<td>$300</td>
<td>33.00</td>
<td>57.50</td>
</tr>
</tbody>
</table>
(i) Illustrative primary benefits for 10 years of coverage, 30 years of noncoverage, all after 1950:

<table>
<thead>
<tr>
<th>Level monthly wage while working</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$11.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>$150</td>
<td>16.50</td>
<td>25.00</td>
</tr>
<tr>
<td>$200</td>
<td>22.00</td>
<td>25.00</td>
</tr>
<tr>
<td>$250</td>
<td>23.38</td>
<td>31.30</td>
</tr>
<tr>
<td>$300</td>
<td>23.38</td>
<td>37.50</td>
</tr>
</tbody>
</table>

(4) Benefit amounts of dependents and survivors relative to worker's monthly primary benefit

Existing law

H. R. 6000

(a) Wife, one-half of primary. No change.
(b) Widow, three-quarters of primary. No change.
(c) Child, one-half of primary. No change, except for deceased worker family, first child gets three-quarters of primary.
(d) Parent, one-half of primary. Three-quarters of primary.
(e) Lump sum at death, six times primary benefit.
(f) Illustrative monthly benefits for retired workers:

[All figures rounded to nearest dollar]

<table>
<thead>
<tr>
<th>Average monthly wage</th>
<th>Present law</th>
<th>H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single</td>
<td>Married ^1</td>
</tr>
<tr>
<td>INSURED WORKER COVERED FOR 5 YEARS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50</td>
<td>$21</td>
<td>$32</td>
</tr>
<tr>
<td>$100</td>
<td>26</td>
<td>39</td>
</tr>
<tr>
<td>$150</td>
<td>32</td>
<td>47</td>
</tr>
<tr>
<td>$200</td>
<td>37</td>
<td>55</td>
</tr>
<tr>
<td>$250</td>
<td>42</td>
<td>63</td>
</tr>
<tr>
<td>$300</td>
<td>42</td>
<td>63</td>
</tr>
</tbody>
</table>

INSURED WORKER COVERED FOR 40 YEARS

| $50                  | $28         | $40        | $25    | $38        |
| $100                 | 35          | 52         | 50     | 75         |
| $150                 | 42          | 63         | 58     | 86         |
| $200                 | 49          | 74         | 65     | 98         |
| $250                 | 56          | 84         | 72     | 109        |
| $300                 | 56          | 84         | 80     | 120        |

^1 With wife 65 or over.

Note. These figures are based on the assumption that the insured worker was in covered employment steadily each year after 1950.
(g) Illustrative monthly benefits for survivors of insured workers:

[All figures rounded to nearest dollar]

<table>
<thead>
<tr>
<th>Average monthly wage</th>
<th>Present law H. R. 6000</th>
<th>Present law H. R. 6000</th>
<th>Present law H. R. 6000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 child alone</td>
<td>2 children alone</td>
<td>Aged widow 1</td>
<td></td>
</tr>
<tr>
<td>$50</td>
<td>$35 $38</td>
<td>$40 $40</td>
<td>$40 $40</td>
</tr>
<tr>
<td>$100</td>
<td>13 38</td>
<td>26 62</td>
<td>20 38</td>
</tr>
<tr>
<td>$150</td>
<td>16 43</td>
<td>32 72</td>
<td>24 43</td>
</tr>
<tr>
<td>$200</td>
<td>18 49</td>
<td>37 81</td>
<td>28 49</td>
</tr>
<tr>
<td>$250</td>
<td>21 54</td>
<td>42 91</td>
<td>32 54</td>
</tr>
<tr>
<td>$300</td>
<td>21 60</td>
<td>42 100</td>
<td>32 60</td>
</tr>
</tbody>
</table>

INSURED WORKER COVERED FOR 5 YEARS

| $50                  | $26 $38                  | $37 $40                  | $40 $40                  |
| $100                 | 33 75                     | 46 80                     | 52 80                     |
| $150                 | 39 96                     | 55 115                    | 62 120                    |
| $200                 | 46 98                     | 64 130                    | 74 150                    |
| $250                 | 52 109                    | 74 145                    | 84 150                    |
| $300                 | 52 120                    | 74 150                    | 84 150                    |

INSURED WORKER COVERED FOR 40 YEARS

| $50                  | $28 $38                  | $31 $40                  | $40 $40                  |
| $100                 | 18 38                     | 35 62                     | 26 38                     |
| $150                 | 21 43                     | 42 72                     | 22 43                     |
| $200                 | 24 49                     | 49 81                     | 37 49                     |
| $250                 | 28 54                     | 56 91                     | 42 54                     |
| $300                 | 28 60                     | 56 100                    | 42 60                     |

1 Age 65 or over.

Note.—These figures are based on the assumption that the insured worker was in covered employment steadily each year after 1950.
CHANGES IN OLD-AGE AND SURVIVORS INSURANCE SYSTEM

(5) AMOUNT OF EMPLOYMENT PERMITTED BENEFICIARY FOR BENEFIT RECEIPT (WORK CLAUSE)

EXISTING LAW  H. R. 6000

No benefits paid for month in which $15 or more earned in covered employment.

Same except $15 limit is increased to $50 and no limitation at all after age 75.

(6) COVERED EMPLOYMENT

All except self-employment and employment in Federal and State Governments, railroads, nonprofit (charitable, educational, and religious), agriculture, and domestic service. Employment covered only in the 48 States, District of Columbia, Alaska, and Hawaii, and on American ships outside the United States under certain circumstances.

In addition to existing coverage, includes the following groups:

(a) Nonfarm self-employed other than certain professions (physician, dentist, osteopath, chiropractor, optometrist, naturopath, Christian Science practitioner, veterinarian, funeral director, lawyer, accountant, professional engineer, and architect);

(b) State and local government employees on elective basis, except that those under an existing retirement system cannot be covered (unless State law providing for coordination was in effect on January 1, 1950), and except for certain transit workers who are compulsorily covered;

(c) Regularly employed nonfarm domestic workers (based on 24 days of work and $50 of cash wages during a quarter);

(d) Agricultural processing workers off the farm, and regularly employed farm workers (based on 60 full days of work and $50 of cash wages during a quarter if he had continuous employment with the same employer during a preceding 3-month period);

(e) Employees of nonprofit institutions covered on elective basis. Employer must elect coverage, and at least two-thirds of employees must concur in coverage. Then all employees concurring in coverage and all new employees are covered;

(f) Federal employees not covered under retirement system other than those in very temporary or casual employment;
(g) Americans employed by American employer outside the United States and employees on American aircraft outside the United States in the same manner as on ships;

(h) Employment in Puerto Rico and the Virgin Islands;

(i) Definition of “employee” broadened from strict common-law rule to include following groups as “employees”: full-time wholesale salesmen; full-time life insurance salesmen; agent-drivers and commission drivers distributing meat, vegetable, or fruit products, bakery products, beverages (other than milk), or laundry or dry cleaning services; industrial homeworkers earning at least $50 during a quarter if subject to regulation under State law and working under specifications supplied by employer.

(7) Wage Credits for World War II Service

None.

World War II veterans (including those who died in service) given wage credits of $160 for each month of military service in World War II, except that credit not given if service is used for any other Federal retirement system; additional cost is to be borne by trust fund.
CHANGES IN OLD-AGE AND SURVIVORS INSURANCE SYSTEM

(8) Maximum Annual Wage and Self-Employment Income for Tax and Benefit Purposes

Existing Law: $3,000. H. R. 6000: $3,600 after 1950.

(9) Tax (or Contribution) Rates

1 percent on employer and 1½ percent on employee through 1949, 1¼ percent for 1950-53, 2 percent for 1954-59, 2½ percent for 1960-64, 3 percent for 1956-69, and 3½ percent thereafter, except that for self-employed, 1½ times rate for employees. Self-employment income taxed would be, in general, net income from trade or business.

(10) Appropriations from General Revenues

Appropriations authorized for such sums as may be required to finance the program.
ACTUARIAL COST ESTIMATES
FOR
THE OLD-AGE AND SURVIVORS
INSURANCE SYSTEM AS MODIFIED
BY THE SOCIAL SECURITY ACT
AMENDMENTS OF 1950

JULY 27, 1950

Prepared for the use of the Committee on Ways and Means
by Robert J. Myers, Actuary to the Committee

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1950
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CHARLES W. DAVIS, Clerk
A. INTRODUCTION

This actuarial study presents long-range cost estimates for the old-age and survivors insurance provisions of H. R. 6000 (Social Security Act amendments of 1950), according to conference agreement on July 25, 1950. This bill was passed by the House of Representatives on October 5, 1949, and an amended version was passed by the Senate on June 20, 1950.

From an actuarial cost standpoint the main features of this bill as agreed to by the conferees are as follows:

(1) Extension of coverage to all gainful employment except railroad, casual domestic service, casual agricultural service, farmers, certain professional self-employed persons, service in the Armed Forces, and Federal, State, and local government service covered by a retirement system (except for a few instances). State and local government employees not under a retirement system are covered on a voluntary basis, as are also employees of nonprofit organizations. In this connection the cost estimates assume that over the long range virtually all eligible State and local government employment and nonprofit employment will be covered. The net effect is to increase the number of covered jobs by about 30 percent (see table 1).

(2) Maximum annual wage base of $3,600. Requirement for quarter of coverage is $50 for wages and $100 for self-employment income.

(3) Average monthly wage determined over all years after 1936 or after 1950 (if having six quarters of coverage since then) whichever yields the larger benefit.

(4) Monthly primary benefit based on 50 percent of the first $100 of average monthly wage (determined from wages after 1950) plus 15 percent of the next $200. Minimum monthly primary benefit of $25, unless average wage is less than $35—then graded down to $20 for average monthly wage of $30 or less. Maximum family benefits of $150 or 80 percent of average wage, if less. Beneficiaries on the roll are to be given an increase (such increase ranging from 100 percent for the lowest benefits to 50 percent for the highest, and with the average benefit rising 77½ percent) by means of a conversion table (which is also applicable for those retiring in the future, on the basis of average wage after 1936, if more favorable).

(5) Lump-sum death payment to be three times the monthly primary benefit and payable for all insured deaths.

(6) "New start" provision introduced for insured status, permitting many more to be eligible immediately.
(7) Benefits for parents and youngest survivor child increased to 75 percent of primary benefit.
(8) Work clause of $50 per month on an "all-or-none" basis for wages and on a "reduction" basis for self-employment income in excess of $600 per year. Work clause not applicable after age 75.
(9) Child survivor benefits in respect to married women workers liberalized. Dependent husband's and widower's benefits added.
(10) Wage credits of $160 for each month of military service given to World War II veterans (including those who died in service). Cost of veterans' benefits to be met from trust fund.
(12) Contribution rate on employer and employee is $1\%$ each in 1950-53, $2\%$ each in 1954-59, $2\%$ percent in 1960-64, 3 percent in 1965-69, and 3$\%$Y\%$ percent thereafter. Contribution rate for self-employed is 1$\%$ times employee rate.

**Table 1.—Estimated increases in old-age and survivors insurance coverage under 1950 amendments**

<table>
<thead>
<tr>
<th>Category</th>
<th>Persons covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present coverage</td>
<td>35,000,000</td>
</tr>
<tr>
<td>Nonfarm self-employed</td>
<td>4,650,000</td>
</tr>
<tr>
<td>Agricultural workers</td>
<td>850,000</td>
</tr>
<tr>
<td>Domestic workers</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Employees of nonprofit organizations (voluntary coverage)</td>
<td>600,000</td>
</tr>
<tr>
<td>Employees of State and local governments (voluntary coverage)</td>
<td>1,450,000</td>
</tr>
<tr>
<td>Federal civilian employees not under a retirement system</td>
<td>200,000</td>
</tr>
<tr>
<td>Employees outside the United States</td>
<td>400,000</td>
</tr>
<tr>
<td>Employment in Puerto Rico and Virgin Islands</td>
<td>400,000</td>
</tr>
<tr>
<td>New definition of &quot;employee&quot;</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Total increase under compulsory coverage</strong></td>
<td>7,700,000</td>
</tr>
<tr>
<td><strong>Total increase under voluntary coverage</strong></td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Grand total increase</strong></td>
<td>9,700,000</td>
</tr>
</tbody>
</table>

1 Represents average number of persons covered during a typical week.
2 Except for a relatively small number of transit workers who are compulsorily covered.

Estimates of the future costs of the old-age and survivors insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable. Because of numerous factors, such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement-insurance program, benefit payments may be expected to increase continuously at least for the next 50 years.

The cost estimates for the House bill were contained in House Report 1300, Eighty-first Congress, first session and in more detail in a committee print, Actuarial Cost Estimates for Expanded Coverage and Liberalized Benefits Proposed for the Old-Age and Survivors Insurance System by H. R. 6000, October 3, 1949. The cost estimates for the Senate bill were presented in a committee print, Actuarial Cost Estimates for the Old-Age and Survivors Insurance System as Modified by H. R. 6000, as Passed by the House of Representatives and by the Senate, June 26, 1950 (S. Rept. 1669, 81st Cong., 2d sess., gave estimates for the bill reported by the Senate Committee
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on Finance, which was modified by the Senate, principally by raising the wage base from $3,000 to $3,600). This committee print also gave modified figures for the House bill, so as to be exactly comparable with those for the Senate bill, by assuming that the effective date for coverage changes and for disability benefits is advanced 1 year over the dates in the bill as passed by the House and that the effective date for benefit changes was the same as in the Senate bill.

The cost estimates for the 1950 amendments are presented here first on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors in the future. Both the low-cost and high-cost estimates are based on 'high' economic assumptions, which are intended to represent close to full employment, with average annual wages at about the level prevailing in 1947, which is somewhat below current experience. Following the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low-cost and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions of the bill.

In general, the costs are shown as a percentage of covered payroll. It is believed that this is the best measure of the financial cost of the program. Dollar figures taken alone are misleading, because, for example, extension of coverage will increase not only the outgo but also, and to a greater extent, the income of the system with the result that the cost relative to payroll will decrease.

Both the House and the Senate very carefully considered the problems of cost in determining the benefit provisions recommended and were of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis. Accordingly, the bill eliminates the provision added in 1943 authorizing appropriations to the program from general revenues. At the same time, it contains a tax schedule which it is believed will make the system self-supporting as nearly as can be foreseen under present circumstances. Future experience may be expected to differ from the conditions assumed in the estimates so that this tax schedule, at least in the distant future, may have to be modified slightly. This may readily be determined by future Congresses after the revised program has been in operation for a decade or two.

B. BASIC ASSUMPTIONS FOR ACTUARIAL COST ESTIMATES

The estimates have been prepared on the basis of high-employment assumptions somewhat below conditions now prevailing. The estimates are based on level-wage assumptions (somewhat below the present level). If in the future the wage level should be considerably above that which now prevails, and if the benefits for those on the roll are at some time adjusted upward on this account, the increased outgo resulting will, in the same fashion, be offset. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates, however, have not taken into account the possibility of a rise in wage levels, as has consistently occurred over the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits nevertheless would not be changed, the cost relative to payroll would, of course, be lower.
The low-cost and high-cost assumptions relate to the cost as a percent of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, etc.

In general, the cost estimates have been prepared according to the same assumptions and techniques as those contained in Actuarial Studies Nos. 23, 27, and 28 of the Social Security Administration, and also the same as in the estimates prepared for the Advisory Council on Social Security of the Senate Committee on Finance (S. Doc. 208, 80th Cong., 2d sess.). It may be mentioned here that in all those estimates—as well as the present ones—there are the following important elements:

(1) In later years many women will be potentially eligible for both old-age benefits and either wife's or widow's benefits. In such instances, these individuals have been assumed to receive full old-age benefits and any residual amount from the wife's or widow's benefits, if larger than the old-age benefit. The numbers of such individuals receiving residual wife's or widow's benefits and the average sizes of such benefits are not shown, but the total amount of such benefits is included in the tables giving the amounts of benefits in dollars and as percentages of payroll.

(2) The effect of the maximum-benefit provisions will be considerable. It has been assumed that the number who would receive benefits in a particular case would include only those who would receive benefits at the full rate plus one individual who would receive partial benefits completing the maximum, and with all other potentially eligible beneficiaries being disregarded.

The assumptions as to the major elements, population, employment, and wages, may be summarized as follows:

(1) Population.—The low-cost estimates assume United States 1939-41 mortality rates constant by age and sex throughout all years. The high-cost estimates are based on improving mortality similar to the National Resources Planning Board low-mortality bases, with an assumed further improvement with time for ages over 65 to allow for possible gains due to geriatric medical research. The low-cost estimates assume birth rates which in the aggregate are about the same as those for the United States 1940-45 experience, which was relatively high. The high-cost estimates assume a decreasing birth rate in the future similar to the National Resources Planning Board’s medium estimate.

For both the low-cost and high-cost estimates no net immigration is assumed.

Table 2 summarizes these population projections. In the year 2000, the total population of 199 million under the low-cost assumptions is higher than the 173 million under the high-cost assumptions due to the higher birth-rate assumption under the former. The corresponding figures for the aged group (65 and over) are 19 million and 28½ million, respectively; the high-cost figure here is higher due to the lower mortality assumption. Also shown in this table are the latest estimates for 1950. It will be observed that these are somewhat higher than either of the two projections, especially as to the total population. These two projections were prepared several years ago and have been used as the base for a number of cost estimates, including those of the
Advisory Council, so as to maintain consistency in such estimates. The actual population in 1950 is higher than in either of the two estimates, principally because of the very high birth rates which have occurred since the war. The long-range cost estimates attempt to portray a trend without considering cyclical fluctuations, and so it is not inconsistent that the actual population at the moment is somewhat higher than in either of the projections.

Table 2.—Estimated United States population in future years, as of middle of year

(In millions)

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Age 20-64</th>
<th>Age 65 and over</th>
<th>All ages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Total</td>
</tr>
<tr>
<td>Latest estimates for 1950</td>
<td>44</td>
<td>44</td>
<td>88</td>
</tr>
<tr>
<td>Projection for low-cost assumptions</td>
<td>43</td>
<td>44</td>
<td>87</td>
</tr>
<tr>
<td>1950</td>
<td>43</td>
<td>44</td>
<td>87</td>
</tr>
<tr>
<td>1955</td>
<td>44</td>
<td>45</td>
<td>91</td>
</tr>
<tr>
<td>1960</td>
<td>48</td>
<td>48</td>
<td>96</td>
</tr>
<tr>
<td>1965</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>1970</td>
<td>52</td>
<td>52</td>
<td>104</td>
</tr>
<tr>
<td>1975</td>
<td>57</td>
<td>56</td>
<td>113</td>
</tr>
<tr>
<td>Projection for high-cost assumptions</td>
<td>43</td>
<td>44</td>
<td>87</td>
</tr>
<tr>
<td>1950</td>
<td>44</td>
<td>45</td>
<td>91</td>
</tr>
<tr>
<td>1955</td>
<td>46</td>
<td>46</td>
<td>92</td>
</tr>
<tr>
<td>1960</td>
<td>49</td>
<td>49</td>
<td>98</td>
</tr>
<tr>
<td>1965</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>1970</td>
<td>51</td>
<td>50</td>
<td>101</td>
</tr>
<tr>
<td>1975</td>
<td>52</td>
<td>50</td>
<td>102</td>
</tr>
</tbody>
</table>

Note.—See text for description of bases of population projections.

(2) Employment.—Both the low-cost and high-cost estimates assume close to full employment, although somewhat below the level prevailing at the end of 1949. The previous estimates were, in general, based on conditions in 1944–46. A change made in these estimates to allow partially for the higher employment since then has been to assume that all coverage figures (and thus resulting beneficiary figures) are about 5 percent higher. Civilian employment averaged about 53,000,000 in 1944–46, but in 1948 averaged 59,400,000, while in 1949 the average was 58,700,000, both increases of over 10 percent.

(3) Wages.—Both the low-cost and high-cost estimates are based on wage levels of 1947, which are slightly below existing ones. For a $3,000 maximum taxable wage, an average annual wage of $2,400 had been used for men working in covered employment in all four quarters of the year, and $1,625 for women. For a $3,600 wage base, the figure for men is increased to $2,550, while that for women is not changed. These same assumptions have been used in all previous estimates of the last 2 years.
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The actual recorded wages (under the $3,000 maximum wage base of present law) for four-quarter workers may be compared with those used in the cost estimates, as follows:

<table>
<thead>
<tr>
<th>Used in cost estimates for $3,600 wage base</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual 1944</td>
<td>$2,300</td>
<td>1,452</td>
</tr>
<tr>
<td>Used in cost estimates for $5,000 wage base</td>
<td>$2,400</td>
<td>1,625</td>
</tr>
<tr>
<td>Actual 1945</td>
<td>$2,600</td>
<td>1,800</td>
</tr>
<tr>
<td>Actual 1946</td>
<td>$2,800</td>
<td>1,980</td>
</tr>
<tr>
<td>Actual 1947</td>
<td>$2,900</td>
<td>2,160</td>
</tr>
<tr>
<td>Actual 1948 (preliminary)</td>
<td>$3,000</td>
<td>2,340</td>
</tr>
<tr>
<td>Actual 1949 (preliminary)</td>
<td>$3,100</td>
<td>2,600</td>
</tr>
</tbody>
</table>

The table below compares the estimated proportion of the population age 65 and over who are fully insured under the present limited coverage and under the expanded coverage of the bill:

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Present coverage</th>
<th>1950 amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>1951</td>
<td>34-38</td>
<td>4-5</td>
</tr>
<tr>
<td>1955</td>
<td>39-44</td>
<td>6-7</td>
</tr>
<tr>
<td>1960</td>
<td>44-49</td>
<td>7-10</td>
</tr>
<tr>
<td>1970</td>
<td>54-52</td>
<td>10-14</td>
</tr>
<tr>
<td>1980</td>
<td>64-70</td>
<td>16-22</td>
</tr>
<tr>
<td>1990</td>
<td>72-81</td>
<td>27-34</td>
</tr>
<tr>
<td>2000</td>
<td>76-84</td>
<td>32-43</td>
</tr>
</tbody>
</table>

It will be noted that the above figures for women include only those insured by their own employment and not those eligible through their husband's earnings. If the latter group had also been included, the resulting figures would have been somewhat larger than those shown for men.

As in previous cost estimates, no account is taken of the 1947 amendment to the Railroad Retirement Act, which provides for coordination of old-age and survivors insurance and railroad wages in determining survivor benefits.

C. RESULTS OF COST ESTIMATES ON RANGE BASIS

Table 3 gives the estimated taxable payrolls for the coverage provided under the bill. As indicated in the previous section, the assumptions made as to wage rates are on the low side (in order to be conservative) so that the total payrolls resulting here are also somewhat on the low side.

**Table 3.—Estimated taxable payrolls under 1950 amendments**

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Low-cost estimate</th>
<th>High-cost estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$108</td>
<td>$107</td>
</tr>
<tr>
<td>1955</td>
<td>111</td>
<td>114</td>
</tr>
<tr>
<td>1960</td>
<td>115</td>
<td>116</td>
</tr>
<tr>
<td>1970</td>
<td>120</td>
<td>125</td>
</tr>
<tr>
<td>1980</td>
<td>134</td>
<td>137</td>
</tr>
<tr>
<td>1990</td>
<td>142</td>
<td>153</td>
</tr>
<tr>
<td>2000</td>
<td>152</td>
<td>154</td>
</tr>
</tbody>
</table>

1 Based on high employment assumptions.
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Since both the low-cost and the high-cost estimates assume a high future level of economic activity, the payrolls are substantially the same under the two estimates in the early years. In later years the estimated payrolls increase in accordance with the population assumptions (see table 2), and a spread develops between the low-cost and high-cost estimates. The assumptions which affect benefits, however, have widely different effects even in the early years of the program. The range of error in the estimates, nevertheless, may be fully as great for contributions as it is for benefits.

Table 4 shows the estimated number of monthly beneficiaries in current payment status and the number of lump-sum death payments under the bill and also the actual number under the present system as of June 1950. Because of the "new start" provision for determining insured status, the number of monthly beneficiaries is substantially increased in 1951; this factor, as well as the provision for paying lump sums for all deaths, increases considerably the number of lump-sum death payments.

Table 4.—Estimated numbers of beneficiaries under 1950 amendments

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age beneficiaries</th>
<th>Survivor beneficiaries</th>
<th>Total</th>
<th>Lump-sum death payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary</td>
<td>Wife's</td>
<td>Child's</td>
<td>Widow's</td>
</tr>
<tr>
<td>1950</td>
<td>1,385</td>
<td>419</td>
<td>35</td>
<td>290</td>
</tr>
<tr>
<td>Actual data for present system</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>2,033</td>
<td>636</td>
<td>57</td>
<td>348</td>
</tr>
<tr>
<td>Low-cost estimate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>2,283</td>
<td>705</td>
<td>60</td>
<td>640</td>
</tr>
<tr>
<td>1960</td>
<td>2,777</td>
<td>836</td>
<td>85</td>
<td>1,101</td>
</tr>
<tr>
<td>1970</td>
<td>4,069</td>
<td>1,222</td>
<td>88</td>
<td>2,031</td>
</tr>
<tr>
<td>1980</td>
<td>5,635</td>
<td>1,590</td>
<td>115</td>
<td>2,769</td>
</tr>
<tr>
<td>1990</td>
<td>7,750</td>
<td>1,944</td>
<td>130</td>
<td>3,299</td>
</tr>
<tr>
<td>2000</td>
<td>8,910</td>
<td>1,270</td>
<td>129</td>
<td>3,088</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>2,340</td>
<td>715</td>
<td>75</td>
<td>363</td>
</tr>
<tr>
<td>Low-cost estimate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>3,000</td>
<td>861</td>
<td>83</td>
<td>669</td>
</tr>
<tr>
<td>1960</td>
<td>3,494</td>
<td>1,277</td>
<td>101</td>
<td>1,153</td>
</tr>
<tr>
<td>1970</td>
<td>6,043</td>
<td>1,740</td>
<td>119</td>
<td>2,074</td>
</tr>
<tr>
<td>1980</td>
<td>10,332</td>
<td>2,340</td>
<td>130</td>
<td>2,788</td>
</tr>
<tr>
<td>1990</td>
<td>14,368</td>
<td>2,552</td>
<td>121</td>
<td>3,141</td>
</tr>
<tr>
<td>2000</td>
<td>17,456</td>
<td>2,653</td>
<td>86</td>
<td>3,083</td>
</tr>
<tr>
<td>High-cost estimate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>2,139</td>
<td>671</td>
<td>73</td>
<td>363</td>
</tr>
<tr>
<td>1955</td>
<td>2,698</td>
<td>861</td>
<td>83</td>
<td>669</td>
</tr>
<tr>
<td>1960</td>
<td>3,194</td>
<td>1,277</td>
<td>101</td>
<td>1,153</td>
</tr>
<tr>
<td>1970</td>
<td>5,730</td>
<td>1,740</td>
<td>119</td>
<td>2,074</td>
</tr>
<tr>
<td>1980</td>
<td>9,900</td>
<td>2,340</td>
<td>130</td>
<td>2,788</td>
</tr>
<tr>
<td>1990</td>
<td>13,906</td>
<td>2,552</td>
<td>121</td>
<td>3,141</td>
</tr>
<tr>
<td>2000</td>
<td>17,456</td>
<td>2,653</td>
<td>86</td>
<td>3,083</td>
</tr>
</tbody>
</table>

1 In current payment status as of middle of year.
2 I. e., for benefits paid in respect to retired workers.
3 Does not include beneficiaries who are also eligible for primary benefits. For wife's and widow's benefits, includes husband's and widower's benefits, respectively.
4 Number of insured deaths during year for which payments are made. Actual figure for 1950 based on experience during first 6 months.
5 Based on high-employment assumptions.

Table 5 shows the estimated average benefits under the bill; these are given only for the calendar years 1951, 1960, and 2000, since in general there is a smooth trend in the intervening periods. Also
shown are the actual average payments under the present system as of June 1950.

It will be noted that for old-age beneficiaries separate figures are given for men and women, since the results differ greatly and since a combination would obscure the trend. For men the average old-age benefit will remain relatively constant after 1960; from 1951 to 1960 there will be some increase due to the effect of the "new start" average wage and in addition, due to the fact that the conversion table produces somewhat lower results than will arise under the new benefit formula. On the other hand, for women the average old-age benefit shows a decrease over the long-range future because there will ultimately be a large number of women receiving such benefits who did not engage in covered employment for their entire adult lifetime after 1950.

Table 5.—Estimated average monthly benefit payments and average lump-sum death payments under 1950 amendments.

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual under present system June 1950</th>
<th>1950 amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1951</td>
</tr>
<tr>
<td>Old-age primary</td>
<td></td>
<td>26.0</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>27.0</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>21.0</td>
</tr>
<tr>
<td>Wife's 1</td>
<td></td>
<td>14.0</td>
</tr>
<tr>
<td>Widow's 1</td>
<td></td>
<td>23.0</td>
</tr>
<tr>
<td>Parent's 2</td>
<td></td>
<td>14.0</td>
</tr>
<tr>
<td>Child's 3</td>
<td></td>
<td>15.0</td>
</tr>
<tr>
<td>Mother's 4</td>
<td></td>
<td>21.0</td>
</tr>
<tr>
<td>Lump-sum death 5</td>
<td></td>
<td>168.0</td>
</tr>
</tbody>
</table>

1 Does not include those eligible for primary benefits. Includes husband’s and widower’s benefits.

2 Does not include those eligible for primary, widow’s or widower’s benefits.

3 Includes child’s benefits for both children of old-age beneficiaries and child survivor beneficiaries.

4 Average amount per death.

Table 6 presents costs as a percentage of payroll for each of the various types of benefits. As used here, "level-premium cost" may be defined as the contribution rate charged from 1951 on, which together with interest would meet all benefit payments after 1950 (including the benefit payments to those on the roll prior to 1951 and the increases which they receive through the conversion table). This level-premium rate would produce a very considerable amount of excess income in the early years which, invested at interest, would help considerably in meeting the higher benefit outgo ultimately. The level-premium cost shown for the bill is roughly 4% to 7% percent of payroll, or about the same as for the plan of the Advisory Council. These level-premium costs are somewhat higher than those for the original Social Security Act of 1935—namely, 5 to 7 percent—because of two factors not specified in the plans themselves: first, a lower interest rate is used here—namely, 2 percent as against 3 percent—and, second, the program proposed is nearer maturity since the benefit roll is now quite sizable; in other words, some of the period of low cost has been passed through.
Table 6.—Estimated relative costs in percentage of payroll for 1950 amendments, by type of benefit

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Low-cost estimate</th>
<th>High-cost estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Old-age</td>
<td>Wife's 1</td>
</tr>
<tr>
<td>1951</td>
<td>1.02</td>
<td>0.17</td>
</tr>
<tr>
<td>1955</td>
<td>1.15</td>
<td>0.19</td>
</tr>
<tr>
<td>1960</td>
<td>1.44</td>
<td>0.34</td>
</tr>
<tr>
<td>1970</td>
<td>2.08</td>
<td>0.31</td>
</tr>
<tr>
<td>1980</td>
<td>2.07</td>
<td>0.33</td>
</tr>
<tr>
<td>1990</td>
<td>3.49</td>
<td>0.31</td>
</tr>
<tr>
<td>2000</td>
<td>2.75</td>
<td>0.30</td>
</tr>
</tbody>
</table>

1 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.

2 Includes child's benefits for both children of old-age beneficiaries and child-survivor beneficiaries.

3 Based on high-employment assumptions.

4 Level-premium contribution rate (based on 2-percent interest) for benefit payments after 1950 and into perpetuity, not taking into account the accumulated funds at the end of 1950 or administrative expenses.

Chart 1 compares the year-by-year cost of the bill with the latest cost estimates for the present law. As would be anticipated, the bill has a higher cost throughout all years than the present act, since benefits are liberalized considerably.

Table 7 gives the dollar figures for various future years for each of the different types of benefits, as well as the actual data for the present system for 1949.

Table 8 presents the estimated operations of the trust fund under the expanded program. The trust fund at the end of 1950 is estimated to be about $13.5 billion. The figures for 1950 reflect the operation of the present act for the entire year as to contribution receipts, but as to benefit disbursements the figure includes payments made under the present act for the first 9 months of the year and under the bill for the remainder of the year; the liberalized benefit conditions will be effective in September, with the first payments coming out of the trust fund in October. The estimated contribution receipts for 1951 are not greatly in excess of those for 1950, because for the vast majority of self-employment covered in 1951 by the bill the tax return will be made on an annual basis and then in the following calendar year (before March 15, 1952).

The future progress of the trust fund has been developed here on the basis of a 2-percent interest rate; subsequently, some consideration will
CHART 1

COST OF 1950 AMENDMENTS COMPARED WITH LATEST COST ESTIMATE FOR 1939 ACT

PERCENT OF PAYROLL

LOW COST ESTIMATE

HIGH COST ESTIMATE

- 1950 AMENDMENTS
- 1939 ACT, LATEST ESTIMATE
COST ESTIMATES FOR OLD-AGE AND SURVIVORS INSURANCE

be given as to the effect of a higher interest rate. Throughout, there is the assumption that no Government contribution to the system is made, since the bill strikes out the provision of present law which would permit this.

Table 7.—Estimated absolute cost in dollars for 1950 amendments, by type of benefit

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Old-age</th>
<th>Wife's $</th>
<th>Widow's</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's $</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>$288</td>
<td>$62</td>
<td>$61</td>
<td>$2</td>
<td>$40</td>
<td>$102</td>
<td>$73</td>
<td>$659</td>
</tr>
</tbody>
</table>

### Low-cost estimate

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Old-age</th>
<th>Wife's</th>
<th>Widow's</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$1,102</td>
<td>$182</td>
<td>$149</td>
<td>$110</td>
<td>$104</td>
<td>$21</td>
<td>$73</td>
<td>$1,941</td>
</tr>
<tr>
<td>1952</td>
<td>1,275</td>
<td>216</td>
<td>205</td>
<td>16</td>
<td>136</td>
<td>437</td>
<td>92</td>
<td>2,443</td>
</tr>
<tr>
<td>1953</td>
<td>1,447</td>
<td>274</td>
<td>515</td>
<td>19</td>
<td>169</td>
<td>524</td>
<td>119</td>
<td>3,247</td>
</tr>
<tr>
<td>1954</td>
<td>2,007</td>
<td>332</td>
<td>1,042</td>
<td>23</td>
<td>191</td>
<td>629</td>
<td>146</td>
<td>5,031</td>
</tr>
<tr>
<td>1955</td>
<td>3,375</td>
<td>472</td>
<td>1,457</td>
<td>23</td>
<td>211</td>
<td>655</td>
<td>175</td>
<td>6,494</td>
</tr>
<tr>
<td>1956</td>
<td>4,718</td>
<td>622</td>
<td>1,594</td>
<td>23</td>
<td>228</td>
<td>790</td>
<td>203</td>
<td>8,115</td>
</tr>
<tr>
<td>1957</td>
<td>5,163</td>
<td>667</td>
<td>1,730</td>
<td>19</td>
<td>249</td>
<td>819</td>
<td>229</td>
<td>8,536</td>
</tr>
</tbody>
</table>

### High-cost estimate

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Old-age</th>
<th>Wife's</th>
<th>Widow's</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$1,282</td>
<td>$213</td>
<td>$168</td>
<td>$16</td>
<td>$125</td>
<td>$212</td>
<td>$71</td>
<td>$2,184</td>
</tr>
<tr>
<td>1952</td>
<td>2,358</td>
<td>418</td>
<td>537</td>
<td>36</td>
<td>164</td>
<td>422</td>
<td>98</td>
<td>4,393</td>
</tr>
<tr>
<td>1953</td>
<td>4,390</td>
<td>763</td>
<td>1,018</td>
<td>47</td>
<td>161</td>
<td>369</td>
<td>130</td>
<td>6,717</td>
</tr>
<tr>
<td>1954</td>
<td>8,204</td>
<td>928</td>
<td>1,517</td>
<td>51</td>
<td>161</td>
<td>362</td>
<td>153</td>
<td>13,099</td>
</tr>
<tr>
<td>1955</td>
<td>12,485</td>
<td>928</td>
<td>1,771</td>
<td>49</td>
<td>143</td>
<td>350</td>
<td>189</td>
<td>22,068</td>
</tr>
<tr>
<td>1956</td>
<td>18,200</td>
<td>928</td>
<td>1,929</td>
<td>47</td>
<td>138</td>
<td>256</td>
<td>219</td>
<td>31,079</td>
</tr>
</tbody>
</table>

1 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.
2 Includes child's benefits for both children of old-age beneficiaries and child survivor benefits.
3 Based on benefits certified by Social Security Administration to Treasury; total disbursements on basis of checks issued by Treasury were $867 million.
4 Based on high-employment assumptions.

Under the low-cost estimate, the trust fund builds up quite rapidly and even some 50 years hence it is growing at a rate of $4 billion per year and at that time is about $175 billion in magnitude; in fact, under this estimate benefit disbursements never exceed contribution income and even in the year 2000 are almost 10 percent smaller.

On the other hand, under the high-cost estimate the trust fund builds up to a maximum (of nearly $50 billion in 1978), but decreases thereafter until it is exhausted (shortly after 1995). In each of the years prior to the scheduled tax increases (namely, 1953, 1959, 1964, and 1969) benefit disbursements are over 10 percent lower than contributions. Benefit disbursements exceed contribution income after 1975.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting, as will be indicated hereafter. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would
arise later on. In actual practice under the philosophy in the bill and set forth in the committee reports, the tax schedule would be adjusted in future years so that neither of the developments of the trust fund shown in table 8 would ever eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled in the bill. At any rate, the high-cost estimate does indicate that under the tax schedule adopted there would be ample funds for several decades even under relatively unfavorable experience.

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Interest on fund</th>
<th>Fund at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>$1,670</td>
<td>$67</td>
<td>$24</td>
<td>$140</td>
<td>$11,816</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td></td>
<td>$7,941</td>
<td>$64</td>
<td>270</td>
<td>14,553</td>
</tr>
<tr>
<td>1951</td>
<td></td>
<td>3,173</td>
<td>64</td>
<td>303</td>
<td>15,970</td>
</tr>
<tr>
<td>1952</td>
<td></td>
<td>3,191</td>
<td>67</td>
<td>319</td>
<td>17,240</td>
</tr>
<tr>
<td>1953</td>
<td></td>
<td>4,111</td>
<td>69</td>
<td>360</td>
<td>19,551</td>
</tr>
<tr>
<td>1954</td>
<td></td>
<td>4,399</td>
<td>71</td>
<td>404</td>
<td>21,634</td>
</tr>
<tr>
<td>1955</td>
<td></td>
<td>5,386</td>
<td>84</td>
<td>608</td>
<td>33,016</td>
</tr>
<tr>
<td>1970</td>
<td></td>
<td>7,848</td>
<td>115</td>
<td>1,228</td>
<td>65,951</td>
</tr>
<tr>
<td>1980</td>
<td></td>
<td>8,471</td>
<td>143</td>
<td>1,997</td>
<td>102,739</td>
</tr>
<tr>
<td>1990</td>
<td></td>
<td>9,005</td>
<td>166</td>
<td>2,735</td>
<td>156,335</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td>9,621</td>
<td>182</td>
<td>3,421</td>
<td>174,900</td>
</tr>
<tr>
<td>1950</td>
<td></td>
<td>$1,013</td>
<td>$61</td>
<td>$250</td>
<td>$13,500</td>
</tr>
<tr>
<td>1951</td>
<td></td>
<td>7,941</td>
<td>64</td>
<td>270</td>
<td>14,553</td>
</tr>
<tr>
<td>1952</td>
<td></td>
<td>3,173</td>
<td>64</td>
<td>303</td>
<td>15,970</td>
</tr>
<tr>
<td>1953</td>
<td></td>
<td>3,191</td>
<td>67</td>
<td>319</td>
<td>17,240</td>
</tr>
<tr>
<td>1954</td>
<td></td>
<td>4,111</td>
<td>69</td>
<td>360</td>
<td>19,551</td>
</tr>
<tr>
<td>1955</td>
<td></td>
<td>4,399</td>
<td>71</td>
<td>404</td>
<td>21,634</td>
</tr>
<tr>
<td>1970</td>
<td></td>
<td>5,386</td>
<td>84</td>
<td>608</td>
<td>33,016</td>
</tr>
<tr>
<td>1980</td>
<td></td>
<td>7,848</td>
<td>115</td>
<td>1,228</td>
<td>65,951</td>
</tr>
<tr>
<td>1990</td>
<td></td>
<td>8,471</td>
<td>143</td>
<td>1,997</td>
<td>102,739</td>
</tr>
<tr>
<td>1990</td>
<td></td>
<td>9,005</td>
<td>166</td>
<td>2,735</td>
<td>156,335</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td>9,621</td>
<td>182</td>
<td>3,421</td>
<td>174,900</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Combined employer, employee, and self-employed contributions. The combined employer-employee rate is 3 percent for 1950-53, 4 percent for 1954-59, 5 percent for 1960-64, 6 percent for 1965-69, and 6½ percent for 1970 and after. The self-employed pay ½ of these rates.
2 Interest is figured at 2 percent on average balance in fund during year.
3 Based on Daily Statement of the U. S. Treasury. Benefit payments on basis of checks issued. Contributions include $3½ million appropriated from General Treasury for costs of veterans' survivor benefits.
4 Based on high-employment assumptions.
5 See text for description of assumptions made as to 1950.
6 Fund exhausted in 1997.
The effects of the new eligibility conditions and the "new start" in computing the average monthly wage, when combined with the large number of new persons brought into coverage, are particularly difficult to estimate during the early years of operation. The number of persons who will qualify and retire to get benefits is more uncertain on the new basis than it is under present law because the qualifying period is relatively short. While an attempt has been made to allow for the very important factor of lag in the filing of claims, the benefit estimates used for the early years in developing the trust-fund progression may be overstatements to some extent, and this might extend to the figures shown for 1960.

D. INTERMEDIATE-COST ESTIMATES

In this section there will be given intermediate-cost estimates, developed from the low-cost and high-cost estimates of this report. These intermediate costs are based on an average of the low-cost and high-cost estimates (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). It should be recognized that these intermediate-cost estimates do not represent the "most probable" estimates, since it is impossible to develop any such figures. Rather, they have been set down as a convenient and readily available single set of figures to use for comparative purposes.

Also, a single figure is necessary in the development of a tax schedule which will make the system self-supporting, according to a reasonable estimate. Any specific schedule will be different from what will actually be required to obtain exact balance between contributions and benefits. However, this procedure does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional rates, but rather this principle of self-support should be aimed at as closely as possible.

The tax schedule contained in the bill is as follows:

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Employee Percent</th>
<th>Employer Percent</th>
<th>Self-employed Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-53</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>1954-59</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>1960-64</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>1965-69</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>1970 and after</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
</tbody>
</table>

(The self-employed are not covered in 1950.) This tax schedule was determined to be roughly equivalent to the level-premium cost under the intermediate estimate on the basis of the following actuarial cost analysis.

Table 9 gives an estimate of the level-premium cost of the bill, tracing through the increase in cost over the present program according to the major types of changes proposed.
TABLE 9.—Estimated level-premium costs as percentage of payroll by type of change

<table>
<thead>
<tr>
<th>Item</th>
<th>Level-premium cost</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of benefits of present law</td>
<td></td>
<td>4.00</td>
</tr>
<tr>
<td>Effect of proposed changes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit formula</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) New benefit percentages</td>
<td>+1.60</td>
<td></td>
</tr>
<tr>
<td>(b) New average wage basis</td>
<td>(-3.75)</td>
<td></td>
</tr>
<tr>
<td>(c) Reduction in increment</td>
<td>(-2.00)</td>
<td></td>
</tr>
<tr>
<td>(d) Increase in wage base</td>
<td>(+0.05)</td>
<td></td>
</tr>
<tr>
<td>Liberalized eligibility conditions</td>
<td>+0.10</td>
<td></td>
</tr>
<tr>
<td>Revised lump-sum death payment</td>
<td>-0.05</td>
<td></td>
</tr>
<tr>
<td>Additional survivor benefits</td>
<td>+0.15</td>
<td></td>
</tr>
<tr>
<td>Extension of coverage</td>
<td>-0.35</td>
<td></td>
</tr>
<tr>
<td>Cost of benefits under bill</td>
<td>6.10</td>
<td></td>
</tr>
<tr>
<td>Administrative costs</td>
<td>4.15</td>
<td></td>
</tr>
<tr>
<td>Interest on trust fund at end of 1950</td>
<td>-0.20</td>
<td></td>
</tr>
<tr>
<td>Net level-premium cost of bill</td>
<td>6.05</td>
<td></td>
</tr>
</tbody>
</table>

1 Including minimum and maximum benefit provisions.
2 Including higher rate for youngest survivor child, more liberal eligibility conditions for determining child dependency on married women workers, higher rate for parents, wife’s benefits for wives under 65 with children, and husband’s and widower’s benefits.

NOTE.—Figures relate only to benefit payments after 1950. Figures in parenthesis are subtotal figures. These figures represent an intermediate estimate which is subject to a significant range because of the possible variation in the cost factors involved in the future. The computations are based on a compound interest rate of 2 percent per annum. The order in which these various changes are considered in this table affects how much of the increase in cost is attributed to a specific element.

It should be emphasized that neither committee recommended that the system be financed by a high, level tax rate from 1951 on, but rather recommended an increasing schedule, which—of necessity—will ultimately have to rise higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will arise, although not as large as would arise under a level-premium tax rate; this fund will be invested in Government securities (just as is much of the reserves of life insurance companies and banks, and as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and United States Government life insurance systems), and the resulting interest income will help to bear part of the increased benefit costs of the future. For comparing the costs of various possible alternative plans and provisions, the use of level-premium rates is helpful as a convenient yardstick.

It should be emphasized that the order in which the various changes in table 9 are considered determines in many instances how much of the increase in cost is attributed to a specific recommendation. For example, the increased cost arising from the revised lump-sum death payment is shown as a negative figure or, in other words, as a savings in cost. Under the bill there are three important cost factors in respect to the lump-sum death payment, namely, (1) the higher general benefit level due to the change in the benefit formula; (2) the reduction in the relation that such payment bears to the primary insurance amount (from 6 times such amount under present law to 3 times); and (3) the granting of such payment for all insured deaths, rather than only for deaths where no immediate monthly benefit is available. If the combined effect of all three factors is considered,
COST ESTIMATES FOR OLD-AGE AND SURVIVORS INSURANCE

there would be an increase in cost of 0.05 percent of payroll, but since the first of these factors had previously been considered in table 9, the net effect of the other two factors is the indicated reduction in cost of 0.05 percent of payroll.

As will be seen from table 9, the level-premium cost of the present law—taking into account 2 percent interest—is about 4½ percent of payroll; this is considerably lower than the cost was estimated to be when the program was revised in 1939, largely because of the rise in the wage level which has occurred in the past decade (higher wages result in lower cost as a percentage of payroll because of the weighted nature of the benefit formula).

Under the bill the level-premium cost of the benefits is increased to 6.10 percent of payroll. However, this figure must be adjusted slightly for two factors, namely, the administrative costs, which are charged directly to the trust fund, and the interest earnings on the present trust fund, which will be about $13½ billion at the end of 1950. Considering all of these elements the net level-premium cost of the bill is shown to be 6.05 percent of payroll.

As an indication of the effect of various factors on the estimated actuarial costs, it may be pointed out that if an interest rate of 2½ percent were used rather than 2 percent, the net level-premium cost of the bill would be reduced to about 5.7 percent. (The interest rate which determines the yield of new investments for the trust fund is now 2.20 percent, but until it rises to 2.25 percent, such investments continue to be made at 2½ percent.)

Table 10 and chart 2 compare the year-by-year cost of the benefit payments according to the intermediate-cost estimate, not only for the bill but also for the present act. These figures are based on a level-wage trend in the future and do not consider cyclical business trends (booms and depressions) which over a long period of years will tend to average out. The dollar amount of the increased cost in 1951 of the bill over the present act is substantial (about $1 1/4 billion, or about 140 percent), but the cost as a percentage of payroll does not rise as much relatively. This results from the increase of the total covered payroll due to the newly covered categories.

**Table 10.**—Estimated cost of benefit payments under present act and under 1950 amendments, intermediate-cost estimate

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Amount (in millions)</th>
<th>In percent of payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1939 act</td>
<td>1950 amend-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ments</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>1951</td>
<td>$965</td>
<td>$2,064</td>
</tr>
<tr>
<td>1955</td>
<td>1,294</td>
<td>2,708</td>
</tr>
<tr>
<td>1959</td>
<td>1,768</td>
<td>3,770</td>
</tr>
<tr>
<td>1960</td>
<td>2,052</td>
<td>4,174</td>
</tr>
<tr>
<td>1961</td>
<td>2,322</td>
<td>4,572</td>
</tr>
<tr>
<td>1962</td>
<td>3,422</td>
<td>7,572</td>
</tr>
<tr>
<td>1963</td>
<td>4,817</td>
<td>10,057</td>
</tr>
<tr>
<td>1964</td>
<td>6,768</td>
<td>11,255</td>
</tr>
</tbody>
</table>

**Level-premium:**

- At 2 percent interest...
- At 2½ percent interest...
- At 4 percent interest...
- At 5 percent interest...
- At 5½ percent interest...

**Note:**—These figures represent an intermediate estimate which is subject to a significant range because of the possible variation in the cost factors involved in the future. For definition of "level-premium," see text.
Benefit costs expressed as a percentage of payroll, according to the intermediate estimate, do not exceed the employer-employee combined tax rate until about 1985. In other words, according to this estimate, for approximately the next three decades income to the system will exceed outgo; subsequently there will be discussed the possible effects over the next few years of unfavorable economic conditions.

Table 11 presents estimates of the numbers of beneficiaries and is comparable with table 4 of the previous section.

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Monthly beneficiaries</th>
<th>Lump-sum death payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Old-age beneficiaries</td>
<td>Survivor beneficiaries</td>
</tr>
<tr>
<td></td>
<td>Primary</td>
<td>Wife's</td>
</tr>
<tr>
<td>1960..........</td>
<td>1,385</td>
<td>419</td>
</tr>
<tr>
<td>1965..........</td>
<td>2,052</td>
<td>798</td>
</tr>
<tr>
<td>1970..........</td>
<td>3,066</td>
<td>1,046</td>
</tr>
<tr>
<td>1975..........</td>
<td>4,998</td>
<td>1,486</td>
</tr>
<tr>
<td>1980..........</td>
<td>8,516</td>
<td>1,800</td>
</tr>
<tr>
<td>1990..........</td>
<td>13,274</td>
<td>1,948</td>
</tr>
<tr>
<td>2000..........</td>
<td>13,183</td>
<td>1,906</td>
</tr>
</tbody>
</table>

1 Based on high-employment assumptions. These intermediate figures are based on an average of the low-cost and high-cost estimates.
2 In current payment status as of middle of year.
3 i.e., for benefits paid in respect to retired workers.
4 Does not include beneficiaries who are also eligible for primary benefits. Husband's and widower's benefits are included under wife's and widow's benefits, respectively.
5 Number of insured deaths during year for which payments are made. Actual figure for 1950 based on experience during first 6 months.
COST ESTIMATES FOR OLD-AGE AND SURVIVORS INSURANCE

Table 12 presents costs of benefits under the bill as a percent of payroll for each of the various types of benefits and is comparable with table 6 of the previous section.

Table 12.—Estimated relative costs in percentage of payroll for 1950 amendments, by type of benefit, intermediate-cost estimate 1

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old-age</th>
<th>Wife's #1</th>
<th>Widow's #</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's #</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>1.11</td>
<td>0.18</td>
<td>0.14</td>
<td>0.01</td>
<td>0.11</td>
<td>0.20</td>
<td>0.27</td>
<td>1.22</td>
</tr>
<tr>
<td>1955</td>
<td>1.36</td>
<td>0.22</td>
<td>0.26</td>
<td>0.02</td>
<td>0.13</td>
<td>0.38</td>
<td>0.39</td>
<td>2.45</td>
</tr>
<tr>
<td>1960</td>
<td>1.57</td>
<td>0.30</td>
<td>0.46</td>
<td>0.02</td>
<td>0.14</td>
<td>0.41</td>
<td>0.42</td>
<td>3.29</td>
</tr>
<tr>
<td>1970</td>
<td>2.74</td>
<td>0.40</td>
<td>0.84</td>
<td>0.03</td>
<td>0.14</td>
<td>0.41</td>
<td>0.42</td>
<td>4.47</td>
</tr>
<tr>
<td>1980</td>
<td>4.85</td>
<td>0.52</td>
<td>1.25</td>
<td>0.03</td>
<td>0.13</td>
<td>0.39</td>
<td>0.14</td>
<td>7.22</td>
</tr>
<tr>
<td>2000</td>
<td>6.43</td>
<td>0.63</td>
<td>1.24</td>
<td>0.02</td>
<td>0.14</td>
<td>0.39</td>
<td>0.13</td>
<td>7.57</td>
</tr>
<tr>
<td>Level premium 4</td>
<td>4.01</td>
<td>0.44</td>
<td>0.99</td>
<td>0.02</td>
<td>0.14</td>
<td>0.39</td>
<td>0.13</td>
<td>6.12</td>
</tr>
</tbody>
</table>

1 Based on high-employment assumptions. These intermediate costs are based on an average of the dollar costs under the low-cost and high-cost estimates.

2 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.

3 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.

4 Level-premium contribution rate (based on 2-percent interest) for benefit payments after 1950 and into perpetuity, not taking into account the accumulated funds at the end of 1950 or administrative expenses.

Table 13 gives the dollar figures for various future years for each of the different types of benefits for the intermediate-cost estimate and is comparable to table 7 of the previous section. Total benefit payments are shown to rise from about $2 billion in 1951 to $11 billion 50 years hence.

Table 13.—Estimated absolute costs in dollars for 1950 amendments by type of benefit, intermediate-cost estimate 1

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Old age</th>
<th>Wife's #1</th>
<th>Widow's #2</th>
<th>Parent's</th>
<th>Mother's</th>
<th>Child's #3</th>
<th>Lump-sum death</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual data for present system 4</td>
<td>$386</td>
<td>$62</td>
<td>$61</td>
<td>$2</td>
<td>$40</td>
<td>$102</td>
<td>$33</td>
<td>$689</td>
</tr>
<tr>
<td>Estimate for 1950 amendments</td>
<td>$1,192</td>
<td>$198</td>
<td>$214</td>
<td>$13</td>
<td>$114</td>
<td>$322</td>
<td>$71</td>
<td>$2,964</td>
</tr>
<tr>
<td>1955</td>
<td>1,200</td>
<td>246</td>
<td>290</td>
<td>39</td>
<td>144</td>
<td>419</td>
<td>69</td>
<td>2,708</td>
</tr>
<tr>
<td>1960</td>
<td>2,142</td>
<td>344</td>
<td>338</td>
<td>35</td>
<td>175</td>
<td>514</td>
<td>103</td>
<td>5,776</td>
</tr>
<tr>
<td>1970</td>
<td>3,150</td>
<td>430</td>
<td>1,085</td>
<td>33</td>
<td>197</td>
<td>634</td>
<td>169</td>
<td>5,973</td>
</tr>
<tr>
<td>1980</td>
<td>4,950</td>
<td>630</td>
<td>1,487</td>
<td>35</td>
<td>186</td>
<td>564</td>
<td>106</td>
<td>10,067</td>
</tr>
<tr>
<td>1990</td>
<td>7,780</td>
<td>750</td>
<td>1,780</td>
<td>35</td>
<td>194</td>
<td>558</td>
<td>234</td>
<td>11,255</td>
</tr>
</tbody>
</table>

1 Based on high-employment assumptions. These intermediate costs are based on an average of the dollar costs under the low-cost and high-cost estimates.

2 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.

3 Included are excesses of wife's and widow's benefits over primary benefits for female primary beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.

4 Based on benefits certified by the Social Security Administration to Treasury; total disbursements on basis of checks issued by Treasury were $667 million.

Table 14 presents the estimated operation of the trust fund according to the intermediate estimate (using a 2 percent interest rate) and is comparable to table 8 of the previous section.
Table 14.—Estimated progress of trust fund for 1950 amendments, intermediate-cost estimate 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Contributions 2</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Interest on fund 3</th>
<th>Fund at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>$1,567</td>
<td>$54</td>
<td>$196</td>
<td>$11,816</td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>$2,498</td>
<td>$1,013</td>
<td>$66</td>
<td>$13,500</td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>$2,852</td>
<td>$1,064</td>
<td>$75</td>
<td>$14,117</td>
<td></td>
</tr>
<tr>
<td>1952</td>
<td>$3,179</td>
<td>$1,182</td>
<td>$77</td>
<td>$15,061</td>
<td></td>
</tr>
<tr>
<td>1953</td>
<td>$4,098</td>
<td>$1,244</td>
<td>$83</td>
<td>$15,693</td>
<td></td>
</tr>
<tr>
<td>1954</td>
<td>$4,299</td>
<td>$1,278</td>
<td>$85</td>
<td>$16,144</td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>$5,499</td>
<td>$3,279</td>
<td>$105</td>
<td>$18,343</td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>$7,854</td>
<td>$5,873</td>
<td>$145</td>
<td>$22,167</td>
<td></td>
</tr>
<tr>
<td>1957</td>
<td>$8,174</td>
<td>$5,972</td>
<td>$184</td>
<td>$25,206</td>
<td></td>
</tr>
<tr>
<td>1958</td>
<td>$8,719</td>
<td>$6,097</td>
<td>$233</td>
<td>$28,401</td>
<td></td>
</tr>
<tr>
<td>1959</td>
<td>$9,000</td>
<td>$6,255</td>
<td>$246</td>
<td>$31,063</td>
<td></td>
</tr>
</tbody>
</table>

1 Based on high-employment assumptions. These intermediate costs are based on an average of the dollar costs under the low-cost and high-cost estimates.
2 Combined employer-employee contribution schedule is as follows: 3 percent for 1950-53, 4 percent for 1954-59, 5 percent for 1960-64, 6 percent for 1965-69, and 7 percent for 1970 and after. The self-employed pay 5 percent of these rates.
3 Interest is figured at 2 percent on average balance in fund during year.
4 Based on Daily Statement of the U. S. Treasury. Benefit payments on basis of checks issued. Contributions include $54 million appropriated from General Treasury for costs of veterans' survivor benefits.
5 See text for description of assumptions made as to 1950.

The trust fund grows steadily reaching a maximum of $83 billion in 1990, and then declines slowly. The fact that the trust fund declines slowly after 1990 indicates, that under the bill, the proposed tax schedule is not quite self-supporting but is sufficiently close for all practical purposes considering the uncertainties and variations possible in the cost estimates. Thus in regard to the ultimate 7 percent employer-employee rate, the House Ways and Means Committee stated as follows:

If a 7-percent ultimate employer-employee rate had been chosen, the cost estimates developed would have indicated that the system would be slightly overfinanced. Your committee believes that it is not necessary in such a long-range matter to attempt to be unduly conservative and provide an intentional overcharge—especially when it is considered that it will be many, many years before any deficit or excess in the ultimate rate will be determined and even at that time it will probably be of only a small amount.

The Senate Committee on Finance concurred in this statement and acted accordingly in its bill.

Detailed calculations have also been made for the intermediate-cost estimates to show the effect of using a different interest rate than 2 percent, and the results as to the size of the fund are shown in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>As of Dec. 31</th>
<th>2-percent interest</th>
<th>2¾-percent interest</th>
<th>2½-percent interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>$13.5</td>
<td>$13.5</td>
<td>$13.5</td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>28.5</td>
<td>29.1</td>
<td>29.7</td>
<td></td>
</tr>
<tr>
<td>1952</td>
<td>32.2</td>
<td>34.0</td>
<td>35.8</td>
<td></td>
</tr>
<tr>
<td>1953</td>
<td>37.2</td>
<td>39.6</td>
<td>41.4</td>
<td></td>
</tr>
<tr>
<td>1954</td>
<td>33.5</td>
<td>36.6</td>
<td>39.4</td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>27.9</td>
<td>30.2</td>
<td>32.1</td>
<td></td>
</tr>
</tbody>
</table>
If the interest rate is taken as 2\(\frac{1}{2}\)% percent, the trust fund would reach a peak of over $100 billion some 50 years hence. In fact, the tax schedule would, under the assumptions used under the intermediate-cost estimate, place the system on a self-supporting basis if the interest rate on the trust fund is as high as 2\(\frac{1}{2}\)% percent.

Detailed computations have also been made as to the estimated progress of the trust fund up through 1955 under unfavorable economic conditions. (See table 15.) It is assumed that the benefit disbursements would follow those in the high-cost estimates previously presented except that further increases have been arbitrarily assumed, amounting to 20 percent relatively for 1955 and proportionately smaller relative increases in the preceding years. At the same time it has been assumed that contribution income would be decreased by 10 percent in 1951 and by 25 percent in each of the following years (it should be mentioned again that based on current conditions, it would appear that the estimates of contribution income used previously were conservative in that they tend to be somewhat on the low side so that these arbitrary reductions here represent even greater actual reductions from present conditions).

**TABLE 15.**—Estimated progress of trust fund for 1950 amendments under unfavorable economic assumptions

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions a</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Interest on fund b</th>
<th>Fund at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>$2,408</td>
<td>$2,017</td>
<td>$61</td>
<td>$235</td>
<td>$17,520</td>
</tr>
<tr>
<td>1952</td>
<td>2,571</td>
<td>2,271</td>
<td>58</td>
<td>272</td>
<td>14,928</td>
</tr>
<tr>
<td>1953</td>
<td>2,837</td>
<td>2,564</td>
<td>61</td>
<td>278</td>
<td>13,455</td>
</tr>
<tr>
<td>1954</td>
<td>2,973</td>
<td>2,880</td>
<td>67</td>
<td>317</td>
<td>12,258</td>
</tr>
<tr>
<td>1955</td>
<td>3,105</td>
<td>3,211</td>
<td>74</td>
<td>332</td>
<td>11,782</td>
</tr>
</tbody>
</table>

1. See text for assumptions and bases.
2. Combined employer-employee contribution rate is 3 percent for 1950-53 and 4 percent for 1954-55. The self-employed pay three-fourths of these rates.
3. Interest is figured at 2 percent on average balance in fund during year.

Under these unfavorable economic assumptions, the benefit payments exceed the contributions for each year after 1951. As a result, the trust fund reaches a peak of $14.0 billion at the end of 1951 and 1952 and declines slowly thereafter, but remaining above $13\(\frac{1}{2}\) billion through 1955. Accordingly, even with unfavorable economic conditions in the next 5 years, the trust fund along with the tax income, will still be ample to meet the benefit obligations of those years.

**E. COST OF VETERANS' BENEFITS**

The preceding cost estimates take into account the special benefits provided for veterans, since the additional costs therefor are met from the trust fund from time to time as they arise. Under the present law such additional costs are met from the General Treasury as they arise, and the cost estimates for the present law do not include the cost of these benefits.

The benefits contained in present law (namely, survivor benefits for veterans who die within 3 years after discharge) are continued. Further, it is proposed to give wage credits of $100 for each month of
military service, not only to living veterans but also in respect to those who died in service.

It is estimated that the total cost of these veterans' benefits will amount to about $300 million under the bill, spread over the next 50 years. There will be a very considerable outgo over the next 10 years in respect to the children and widows of men who died in service. For this group the increased outgo from the trust fund will be about $20 million in 1951 and will average about $15 million a year over the next decade. However, since by 1960 virtually all of these children will have attained age 18, the disbursements for this group will fall off quite sharply and will not thereafter be of any significant size until about 35 years from now, when the widows will be reaching retirement age. The remainder of the cost of these veterans' benefits is in regard to veterans who did not die in service; the bulk of such cost will arise some 40 to 50 years hence.

F. SUMMARY OF COST OF 1950 AMENDMENTS

Based on a 2-percent interest rate, the system is not quite self-supporting under the intermediate estimate for the bill. It may be noted that although the ultimate employer-employee tax rate of 6½ percent is higher than the level premium cost of the bill, the excess is not sufficient to offset the lower tax schedule in the early years; in addition there is the factor that the self-employed pay only three-fourths of this amount, or, namely, 4½ percent ultimately, which is well below the aggregate level premium cost. However, as to the system being self-supporting, there is very close to an exact balance—especially considering that a range of error is necessarily present in long-range actuarial cost estimates and that rounded tax rates are used in actual practice and hence an exact balance would not be possible even if the exact future conditions were known.