

your financial contributions, the bulk of the unemployment risk will remain where it has always been and where it must always remain, on the worker himself and on public and private charity. Assuming a full-time unemployment rate of 8 percent (and an additional 50 percent for part-time employment), the fraction of the risk to be assumed by any 3-percent-of-pay-roll insurance fund on the average will be 3-12. The worker and society will still have the remaining 9-12, and in particular cases even a greater proportion.

The question of cost, which several witnesses have referred to this morning, is an important one. To a considerable extent, however, these costs are not new costs at all but redistribution of present costs. The essential idea of social insurance is that it does logically and according to plan what has to be done anyway; in depressions like this by methods haphazard, inefficient, emotional. No one believes that unemployment insurance will be able to assume the whole unemployment loss. It is a first defense, and reduces by at least so much the demands on other sources of relief. In the case of health insurance there would be no new costs at all; there would be an important redistribution of present expenditures. The point is that someone pays now for all these social costs but not necessarily the groups and persons most responsible or most able to take steps to reduce them.

3. This would be a unique opportunity for this country, embarking on a series of social-insurance plans, to create a true social-insurance system. A considerable bureaucracy will need to be created, and the more nearly the various sections of this bureaucracy can be coordinated the better for the insured persons and for those who support the plans. It is extremely important that we coordinate our long-time relief program with unemployment insurance and to a lesser degree with the other social insurances. To prevent inequities due to overlapping and gaps, the social insurances must also be coordinated with each other. Foreign experience with poorly coordinated plans is a commonplace. At the outside there should be, State and national, no more than two departments administering the poor-relief, public-work, social-insurance program of the future. One might be welfare, one labor. The possibilities of a single department for the whole job should not be shrugged off but examined carefully. Apparently there has been no such examination by the framers of this bill.

4. The financial and actuarial problems that will result from a contributory old-age annuity program such as is proposed are so considerable that it should be initiated and expanded with the greatest caution. We already have a system of State noncontributory pensions for the dependent aged, to be subsidized by Federal funds according to the bill. Our first objective should be to strengthen this State system as an approach to the immediate problem and the more feasible goal.

CONFERENCE OF EXECUTIVES OF AMERICAN SCHOOLS FOR THE DEAF,
February 16, 1935.

Hon. PAT HARRISON,
Chairman Committee on Finance, United-States Senate,
Washington, D. C.

DEAR SIR: I understand that your committee has under consideration Senate Bill 1130, the so-called "economic security, bill", and that the Commissioner of Education has filed with your committee a memorandum suggesting certain changes and additions. Among these changes and additions I note a request, B 1, to provide for the education of physically handicapped children the sum of \$10,000,000 for the next fiscal year and for each fiscal year thereafter to be allocated to the United States Office of Education. I have no doubt that your committee will arrive at a just conclusion as to whether or not such assistance is necessary in a general way to promote educational work among this handicapped class of children. I note further under section B 4, paragraph E, the provision that not more than 25 percent of the fund allocated to any State shall be used for residential schools or institutions for physically handicapped children.

I have not had the honor of being consulted by the Commissioner of Education in connection with the proposed assistance for the education of deaf children. I do represent, however, as chairman of the executive committee of the Conference of Executives of American Schools for the Deaf, 64 residential schools for deaf children in the various States in which over 14,600 deaf children, or practically 77 percent of all deaf children in school last October, are educated. These schools represent an investment in plant and grounds of more than \$32,000,000. All of them have a history of earnest and successful endeavor in the education of the

deaf, including vocational education. This is attested by the figures of the 1930 census, showing that 85 percent of the adult deaf are self-supporting, whereas only 89 percent of the total adult population is put in the same class. This means, of course, that the residential schools have successfully prepared their children for many years for independent citizenship.

Many of the residential schools for the deaf are not at present filled to the limit. Others could at reasonable expense provide for the expansion necessary to take care of the small number of deaf children not now in school. It is a puzzle to me to know why a policy of limiting the assistance to these well-established residential schools to one-quarter of the funds allocated for the deaf in any of our States should be urged or adopted, when 77 percent of the deaf children are being educated in these residential schools.

For some time past small schools for the deaf have grown up in various parts of our States without proper supervision or classification. Many of them are abandoned after a few years trial. Aside from the fact that their classes cannot be well graded or their teachers properly supervised, few of them provide proper vocational education or manual-training work for the deaf children who attend them; nor can there be the program of physical education, sports, medical attention, instruction, and character training easily possible in the residential schools. Out of the 19,000 deaf children in school in the United States in October 1934, fortunately only 2,000 are provided for in these scattered schools having 50 or less children in attendance. Deaf children should by no means be taught with the blind, cardiacs, or crippled children. They need particular methods of instruction and especially trained teachers under skilled supervision, as can be provided best in large schools such as the residential schools for the deaf.

It has been the policy of nearly every State in the Union during a number of years past to do away with small scattered schools for hearing children, to consolidate them into larger schools in which the children may be better housed, graded, and supervised, and in which their general progress may be much better watched over. This policy of abandoning the small, weak school and supporting more strongly the large and well-organized school should apply, in my opinion, to the education of the deaf as well as the education of the hearing.

I respectfully suggest, therefore, that the limit of 25 percent placed on the allocation of funds for the education of handicapped children in residential schools be not inserted in any legislation which you may adopt. It would seem more logical and more helpful to allocate to residential schools for the deaf at least 75 percent of funds appropriated, as nearly 77 percent of the deaf school children of the United States are taught in these schools most satisfactorily at the present time.

Respectfully yours,

PERCIVAL HALL,
Chairman, Executive Committee.

WASHINGTON, D. C.

The CHAIRMAN. The committee will recess now until 10 o'clock tomorrow morning.

(Whereupon, at 12 o'clock noon, the hearing was adjourned until Tuesday, Feb. 19, 1935, at 10 a. m.)