

STATEMENT OF SHERWOOD REEDER, WASHINGTON, D. C., ASSISTANT DIRECTOR, UNITED STATES CONFERENCE OF MAYORS, AND OF THE AMERICAN MUNICIPAL ASSOCIATION

Mr. REEDER. My name is Sherwood Reeder, representing the United States Conference of Mayors and the American Municipal Association. I am speaking particularly for the executive committee of the United States Conference of Mayors consisting of Mayors Hoan, of Milwaukee; LaGuardia, of New York City; Rossi, of San Francisco; Mansfield, of Boston; Jackson, of Baltimore; Holcombe, of Houston; and Overton, of Memphis. I am also appearing on behalf of the committee on Federal policy of the American Municipal Association, which committee is authorized to express its viewpoints on behalf of 32 State leagues of municipalities throughout the country.

I shall speak briefly and solely with reference to one minor matter with the purpose of asking the committee to make specific what the President's Committee on Economic Security and the drafters of this measure undoubtedly intended to be specific, but which, as now drafted, is general in phraseology and could possibly lead to confusion.

We ask the committee to insert the word "government" after the word "State" in line 6, page 3 of the Senate bill. This is subsection (a) of section 4 of title I—the title having to do with old-age assistance.

Senator KING. Insert what word?

Mr. REEDER. Insert the word "government" after the word "State."

Senator KING. "Financial participation by the State government"?

Mr. REEDER. Yes, sir; I am going to explain what we mean by that. Through informal conferences with members of the research staff of the President's Committee on Economic Security, we understand that the intent of the old-age-assistance plan is for substantial financial contributions by the State governments. However, as now drafted, this is not specifically stated, and we feel, on the basis of past experience, that to insure fair and just financial participation by the States, the word "government" should be inserted. If this is not done, there is the possibility of States shifting the whole State financial burden to the local governments. This is exactly what has been done under the Federal Relief Act which is similarly worded. In Massachusetts, for example, the State has for the past 3 years shifted the whole relief burden to cities, with the result that only Federal and city funds are being used to meet the relief needs of that jurisdiction.

Senator KING. Mr. Reeder, do you not think the States are better able to determine the wishes of the people within the States than we are? You are challenging the competency of the States to govern themselves with respect to a matter which pertains to the entire State.

Mr. REEDER. Senator, as we understand the intention of the committee which originally worked on this bill and made the study for the President, as well as those persons who drafted the relief bill some months ago, it was their intention that the State governments,

as units, should make the contributions and not the local governments, and the reason for their attitude, I think, and the reason for our attitude, is the point which I am just about to make, that the only source, or the principal source of revenue to local government, is revenue from property taxes. Many of us feel, and some groups feel very strongly, that property has carried too much of the burden. Now a State, as well as the Federal Government, has many other sources of revenue. A State may levy an income tax, it may levy a sales tax, a gasoline tax, and it has other sources of revenue which would be very detrimental for a local community to levy.

This provision in the bill says that a substantial contribution shall be made by the State. We have seen in the relief situation, in Massachusetts as one extreme example, not a cent of contribution was made by the State government, and the local communities had to carry it all.

Senator **BYRD**. Where is that?

Mr. **REEDER**. On page 3, line 6. If this is injected in the bill it does not mean the local governments cannot still be called on by the State to make the contribution, but the State government, as such, must make a definite contribution.

Senator **KING**. Proceed.

Mr. **REEDER**. We are anxious not to leave any loopholes which, either through too general phraseology, or discretionary action by Federal authorities, States may be enabled to "pass the buck" to those units of government which are dependent almost entirely upon revenues from the general property tax.

I feel sure that in view of the apparent intent of the plan, the Economic Security Committee would support this minor change.

I thank you.

Senator **KING**. Thank you very much. Mr. Forster, come forward, please.

STATEMENT OF **H. WALTER FORSTER**, LIFE INSURANCE AND PENSION DIVISION OF **TOWERS, PERRIN, FORSTER & CROSBY, INC.**, PHILADELPHIA, PA.

Mr. **FORSTER**. My name is H. Walter Forster. I am vice president of Towers, Perrin, Forster & Crosby, Inc., of Philadelphia, and in charge of the pension consulting division of that corporation.

Since 1906 I have devoted most of my time to consulting work for important operations, dealing with employer-employee relationship, and from 1917 on an increasing scale, supported by a large staff, I have devoted myself to the problem of pensions for such employees.

During the past few months, when this legislation was pending, our clients, and many other corporations, have uniformly raised the question as to whether the bill which would be passed might not properly have a provision in it under which a pension plan already in force and properly financed, and more liberal as to benefits, might be continued, and that in the future more liberal and properly financed pension plans might be established. That is a reasonable request, in my judgment, and it is one which George A. Huggins of Philadelphia presented recently before you in behalf of certain churches, and Mr. Marion B. Folsom of the Eastman Kodak Co. also suggested to you. I had the pleasure of being the consultant to the