

# ECONOMIC SECURITY ACT

WEDNESDAY, JANUARY 23, 1935

UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
*Washington, D. C.*

The committee met, pursuant to adjournment, at 10 a. m., in the Finance Committee Room, Senate Office Building, Senator Pat Harrison, Chairman, presiding.

Present: Senators Harrison (chairman), King, Barkley, Connally, Gore, Costigan, Byrd, Loneragan, Black, Gerry, Guffey, Keyes, La Follette, Metcalf, Hastings, and Capper.

The CHAIRMAN. The committee will be in order.

Mr. Witte, will you please give your name in full so that the record will show it, and also something of your background, so that the committee will know what it is.

## STATEMENT OF EDWIN E. WITTE

Mr. WITTE. I am the executive director of the Committee for Economic Security. My background in short is this: After completing college—I am a Wisconsin man—I was secretary to a Member of Congress for 2 years during the first part of the Wilson administration. Then I was a special agent for the United States Commission on Industrial Relations, in 1914 and 1915; then secretary of the Industrial Commission of Wisconsin for 6 years. From 1922 to 1933 I was chief of the Legislative Reference Service of the State of Wisconsin. I have been connected also with the University of Wisconsin since 1920.

Immediately before coming down here I was director under the unemployment compensation act of Wisconsin, the first unemployment compensation act in this country.

I have been with the committee since its organization in the summer, and I am, as stated, its executive director.

The CHAIRMAN. And you were consulted in the drafting of this legislation?

Mr. WITTE. Certainly.

The CHAIRMAN. You know the inside of it pretty well and were in all of the conferences that led up to it?

Mr. WITTE. Yes, sir.

The CHAIRMAN. I wish you would take the bill and in your own way make an explanation of it, Mr. Witte. I may say, for the benefit of the committee, that Miss Perkins was scheduled to be here this morning, but she did not quite finish her testimony before the House Ways and Means Committee. She will not be there long this morning

and will be here presently, and when Miss Perkins comes we will ask Mr. Witte to desist and the committee will hear Miss Perkins.

You may proceed in your own way, Mr. Witte.

Mr. WITTE. This bill, as undoubtedly has been explained to you, is the outgrowth of the President's message of June 8, and as stated in the President's message transmitting the report of the Committee on Economic Security the bill concerns itself with four major subjects: unemployment compensation, old-age security, security for children, and provisions for the extension of public-health services. On a fifth subject in which the Committee has been interested, health insurance, it at this time makes no report. It will probably make a supplemental report at a later date. It is engaged in that study in cooperation with committees from the medical and related professions.

This bill is concerned with economic security, but does not represent all of the administration's program on economic security, but should be regarded as a companion measure to the public-works resolution now pending in the House. The Committee on Economic Security in its recommendations places first the matter of employment assurance, stressing that the most important safeguard against the major hazard lies in the stimulation of private employment and the provision of public employment when private employment is not available; in other words, the work program is a part of the economic security program. This bill deals with parts of the economic security program other than the work program.

By way of introduction, I would like to say, further, that the purpose of our committee is to be helpful to you. Our thought is to present the problem to you and the conclusions we have reached, not as necessarily final conclusions, but to explain why we reached these conclusions and to discuss other possible alternatives. Our sole motive is to give you the entire picture, and we will be glad to assist in any way and in any manner that we can.

With that, I want to pass to the first subject dealt with in the bill, which is old-age security. Old-age security is dealt with in title I, also in title III, title IV, and title V, but before going into the detailed provisions of the bill, I would like to present the factual background of this proposed legislation. There are at this time somewhere in excess of 7,000,000 people over 65 years of age, the last census disclosed 6,600,000. This is 5 years later, and the number is now well in excess of 7,000,000. There are over 4,000,000 over 70 years of age. There are an estimated 11,500,000 people over 60 years of age.

Senator CONNALLY. Are you speaking now of both sexes?

Mr. WITTE. Both sexes. There are slightly more women than men.

Senator GERRY. How many of those do you figure are unemployed?

Mr. WITTE. We have tables on that. "Gainfully occupied", as this term is used in the census, is the nearest data we can give you. Of those who were 60 and over in 1930, 4,100,000 were gainfully occupied. The majority, the largest number of them were farmers, and 1,000,000 were reported in manufacturing industries. "Gainfully occupied" does not mean employed. It means both the employees, the self-employed, and the proprietors.

Senator GERRY. That is, over 60?

Mr. WITTE. Over 60. Over 65, 2,200,000 were still gainfully occupied. Over 70, not quite 1,000,000.

Senator GERRY. Then you have not any figures as to how many over 65 were unemployed?

Mr. WITTE. Unemployed?

Senator GERRY. Yes; unemployed or unable to earn a living or receiving aid.

Mr. WITTE. Yes; I have that. I will come to that in a moment, Senator, if I may.

Senator COSTIGAN. Are the figures you have used derived from the census?

Mr. WITTE. Yes; that is, gainfully occupied. I thought that is what the question related to.

The CHAIRMAN. What do you mean by "gainfully occupied"?

Mr. WITTE. That is a census classification. It means people who are working for a financial return, the people that work for themselves or for others. It includes farmers; all the business men, the professional people—everybody who works for a monetary consideration. It does not include the housewives.

Senator CONNALLY. As of what date would that be?

Mr. WITTE. The census of 1930.

Senator CONNALLY. Are those figures reliable as of this date?

Mr. WITTE. I think approximately so. The term "gainfully occupied" has no reference to whether they were actually working at that time. This is the question which the census taker asks, "What are you doing?", and a man who was not working at that time still answered, "I am a machinist", and he was put down as "gainfully occupied", or he answered, "I am a carpenter", although he might have been out of work. "Gainfully occupied" includes all of the people who thought of themselves as still being in the employment picture.

In that connection, Mr. Chairman, and members of the Committee, I would like to submit—

Senator GORE (interposing). Those who regard themselves as employed, whether they were employed or not—that sort of a picture does not seem to be related to reality, does it?

Mr. WITTE. It is the best picture we have of how many farmers there are, for instance, how many carpenters there are in this country, and so forth.

The CHAIRMAN. Have you other data there showing the unemployed over the age of 65?

Mr. WITTE. I can get you that data on unemployed. I have data showing the number of people that were on relief over 65, in need of support at this time.

The CHAIRMAN. To clarify it in my own mind, you said there were how many in this country over 65 years of age?

Mr. WITTE. Over 7,000,000.

The CHAIRMAN. And that in the census of 1930, which showed that there were somewhat more than 4,000,000 who were gainfully occupied?

Mr. WITTE. Yes.

The CHAIRMAN. That would show there were 3,000,000 that were not gainfully occupied?

Mr. WITTE. Yes. At that age.

Senator GORE. I thought you said a little over 2,000,000 gainfully occupied, over 65?

Mr. WITTE. Yes. I wish to correct myself on that point. Among those over 60, there were 4,000,000 that were gainfully occupied.

The CHAIRMAN. Let us get the figures for those at 65.

Mr. WITTE. At 65 there are over 7,000,000 people at the present time, and according to the census of 1930 there were 2,200,000 who were still "gainfully occupied."

Senator GUFFEY. How many over 65 are on the relief rolls?

Mr. WITTE. Approximately 700,000 at this stage.

Senator CONNALLY. Would that classification include people over 65 who are not occupied at all but who do have an income from previous occupations?

Mr. WITTE. No. It is this question of "What is your occupation?" which the census taker asks everybody.

Senator BLACK. As a matter of fact, we have not now and never have had thoroughly reliable statistics on those employed and those unemployed, have we?

Mr. WITTE. No, sir.

Senator COSTIGAN. Or of those who are employed part time?

Mr. WITTE. No, sir.

Senator COSTIGAN. The figures you have given are the nearest and latest approach to any information which we have on that subject?

Mr. WITTE. On the subject of how many people were "gainfully occupied", using that census term.

Senator BLACK. Is the committee making any recommendations to attempt to obtain information which is authentic and reliable?

Mr. WITTE. Unemployment compensation will give statistics for the first time on the extent of unemployment. We have never attempted except in the census of 1930, to measure unemployment directly. We have measured only employment. We have had reports to the United States Bureau of Labor Statistics on a voluntary basis by a large number of employers, from which the Bureau of Labor Statistics for many years has made estimates of the number of people that were at work, but as to the reverse, the number of people out of work, we have no national statistics at the present time.

Senator GERRY. Then you are basing your estimates now on 700,000 that are unemployed over 65 years of age, is that right?

Mr. WITTE. Not unemployed.

Senator GERRY. On relief?

Mr. WITTE. I want to go into the relief figures if I may, in a moment. Mr. Chairman, I would like to submit if I may, this supplement to the report of the committee on economic security which contains 19 factual tables presenting the facts on which this report is based, statistical information, which I would like to submit if it pleases the committee as a supplement to my testimony.

The CHAIRMAN. Yes; you may.

Senator HASTINGS. Is that in print?

Mr. WITTE. Yes, sir; it is appearing in print. These are advance copies. I think we can distribute copies before the morning is over, to all of you.

The CHAIRMAN. This is not a document which has been printed by Congress?

Mr. WITTE. No.

The CHAIRMAN. It is gotten out by some bureau?

Mr. WITTE. It is gotten out by us. It consists of statistical tables that will give you the facts on the problems dealt with in this bill, including what laws are in operation elsewhere, and an analysis of the laws.

Senator GERRY. In order to make it easier of reference, will you put the name of the bureau into the record?

Mr. WITTE. It is from the Committee on Economic Security, and it is a supplement to its report.

Senator HASTINGS. May I see it if you do not need it in your testimony?

Mr. WITTE. Certainly you may, Senator.

The CHAIRMAN. You have other copies which will be available?

Mr. WITTE. Yes.

The CHAIRMAN. When will they be available?

Mr. WITTE. They will be here, I think, in a very few minutes. This is an advance copy which I have just received from the Printing Office.

The CHAIRMAN. Very well.

(The document referred to is as follows:)

TABLE 20.—General economic statistics—Continued

OTHER ECONOMIC DATA		
9. Number of gainful workers, September Estimate of Committee on Economic Security.	1934..	50,277,000
10. Per capita full-time income, wage, and salaried employees	1929..	\$1,475
	1932..	\$1,199
<i>National Income, 1929-32, Letter from Acting Secretary of Commerce, S. Doc. 124, 73d Cong., 2d sess., p. 19.</i>		
11. Average weekly factory earnings per wage earner	1929..	\$28.54
	1932..	\$17.10
	1934..	\$20.08
<i>Survey Current Business, February 1934, p. 7, and December 1934, p. 7. Data for 1934 for first 10 months.</i>		
12. Index of cost of living (1913=100)	December 1929..	171
	December 1932..	132
	June 1934..	136
<i>Monthly Labor Review, August 1934, p. 526.</i>		
OLD-AGE DATA		
13. Population, 1930	60 years of age and over..	10,385,026
	65 years of age and over..	6,633,805
	70 years of age and over..	3,863,200
<i>Fifteenth Census of the U. S., 1930, vol. II, Population, p. 576.</i>		
14. Number of old-age pensioners	1931..	76,339
	1934..	189,903
<i>Data for 1931 from Monthly Labor Review, June 1932, p. 1261. Data for 1934 compiled by Committee on Economic Security from latest available information.</i>		
15. Amount paid in old-age pensions	1931..	\$16,173,267
	1934..	\$1,192,492
<i>Data for 1931 from Monthly Labor Review, June 1932, p. 1261. Data for 1934 compiled by Committee on Economic Security from latest available information.</i>		
NATIONAL INCOME STATISTICS		
16. National income paid out	1929..	\$82,300,000,000
	1933..	46,800,000,000
<i>The National Income, 1933, release Jan. 14, 1935, p. 6, Department of Commerce.</i>		
17. National income paid out	1933..	\$46,800,000,000
Wages and salaries		29,300,000,000
Dividends and interest		7,300,000,000
Net rents and royalties		2,300,000,000
Entrepreneurial withdrawals		7,900,000,000
<i>The National Income, 1933, release Jan. 14, 1935, p. 6, Department of Commerce.</i>		
18. National income paid out	1932..	\$48,894,000,000
Business savings or losses		9,529,000,000
Income produced		39,365,000,000
<i>National Income, 1929-32, letter from Acting Secretary of Commerce, S. Doc. 124, 73d Cong., 2d sess., p. 10.</i>		
WHOLESALE, RETAIL, AND MANUFACTURING SALES		
19. Net wholesale sales	1929..	\$68,950,108,000
	1933..	32,030,504,000
<i>Final United States Summary of Wholesale Trade in 1933, Department of Commerce, Bureau of the Census, p. 7. The 1929 figures have been revised.</i>		
20. Net retail sales	1929..	\$49,114,653,000
	1933..	25,037,225,000
<i>United States Summary of the Retail Census for 1933, Department of Commerce, Bureau of the Census, p. 3.</i>		
21. Gross value of manufactured products	1929..	\$69,960,909,712
	1933..	31,358,840,392
<i>Census of Manufactures: 1933, Department of Commerce, Bureau of the Census, p. 1. The 1929 figures have been revised.</i>		
LIFE-INSURANCE STATISTICS		
22. Aggregate life insurance in force	1933..	\$97,985,043,747
Ordinary		71,918,829,182
Industrial		17,154,472,848
Group		8,911,741,717
<i>Spectator Co., Year-Book—Life Insurance, 1934.</i>		
23. Average size of life-insurance policy in force, 1933:		
Ordinary		\$2,252
Industrial		210
<i>Computed from Spectator Co. Year-Book—Life Insurance, 1934.</i>		
24. Surrendered policies and loans, life insurance	1933..	\$4,394,948,987
<i>Spectator Co., Year-Book—Life Insurance, 1934. Also letter from Spectator Co.</i>		

TABLE 20.—*General economic statistics*—Continued

## SAVINGS ESTIMATES

25. Annual savings through life insurance.....	1933..	\$2,950,465,899*
New premium payments.....		234,954,196
Renewal premium payments.....		2,715,511,703
Spectator Co., <i>Year-Book—Life Insurance</i> , 1934.		
26. Savings and other time deposits.....	1929..	28,218,000,000
	1932..	24,281,000,000
Data for all reporting banks in United States.		
<i>Statistical Abstract of the United States</i> , 1933, p. 242, table 252.		

MR. WITTE. I want to call attention in there, Senator, to table 13, which illustrates a very important point in connection with this old-age problem, that the number of the aged has been increasing rapidly and will continue to increase very rapidly in the years that are ahead of us.

For instance, in 1860, 2.7 percent of the population of the country were 65 years of age and over. Since then each census has shown a larger percentage of the people of this country in the older age groups. In 1920 it was 4.7 percent; in 1930, 5.4 percent. Population statisticians forecast that that percentage will increase to 6.3 percent in 1940, and will continue to increase until by 1980 you will have 11.3 percent of the population over 65, and by the year 2,000, 12.7 percent. At the present time there are 7,000,000 people over 65; by 1960, 13,500,000; by the year 1980, 17,000,000; by the year 2,000, 19,000,000.

SENATOR GORE. Nineteen million over what age?

MR. WITTE. Over 65.

SENATOR CONNALLY. Is that based upon the theory that our other population will also increase, or is it based on longevity?

MR. WITTE. This is a result of the fact that we are approaching what, in terms of the statisticians, is called a "stable population."

SENATOR GORE. Where the births and deaths will nearly balance?

MR. WITTE. All this is based on the assumption that there will be no improvement in longevity; that the present mortality rates will continue. If there is an improvement in mortality rates, the number of the aged will probably be greater, and the percentage will be greater.

Here are some facts which I think will illustrate that, while the estimates of the statisticians may not be exactly correct, they are probably on the right trail. In 1930, the census disclosed fewer children under 5 years of age than there were in 1920. We are rapidly approaching the same sort of a condition that the European countries have reached, the distribution of population as between the younger and the older age groups forecast for this country in 30 years is the distribution of the population in England today; it is the population distribution in France, and in nearly all other western European countries. They have reached earlier than we have this condition of stable population.

We know how many people there are now, let us say, between 20 and 30. Applying the usual mortality tables, we know that 30 years or 40 years from now, when those people will be between 60 and 70, there will be more than twice the number of people between 60 and 70 than are now between 60 and 70. This is due to the changing age composition of our people. Our birth rates have declined, and on the other hand the length of life, the average length of life, has been increasing. Without any further improvement in the mor-

tality rates, we can expect and must look forward to a time which is not very distant—a period distant no longer than 20 or 30 years—when we will have nearly twice as many people in these older age groups than we have now.

Senator GORE. The cost and burden of this old-age pension will be a constantly increasing factor?

Mr. WITTE. The cost of old-age pensions will be higher with the years, and whether you enact a pension law or not, there will be a cost of supporting the aged, because the aged of any generation have to be supported by the other people of that generation except insofar as the aged have made provisions for their own support. To the extent that the aged have not made provisions for their own support, whether any pension legislation is enacted or not, there will be a cost on future generations which will be much greater than the present cost of supporting the aged.

Senator GORE. It will be shifted from the children to the taxpayers under this legislation?

Senator COSTIGAN. Has the experience of other countries, such as Germany, confirmed what you are now saying about the increasing cost of old-age pensions?

Mr. WITTE. Yes, sir. These countries have undergone in the years that have passed, the same thing that faces this country in the next 20 or 30 years—an increasing number of the aged.

The CHAIRMAN. May I ask you—I am just curious to know—how many people there are, say, of 80 years. Are we to expect that people are going to live longer over a certain period?

Mr. WITTE. No; this does not assume that they will live any longer. This assumes no improvement in longevity. This assumes the present mortality rates.

Senator CONNALLY. It does assume that the proportion of old people will increase out of proportion to the increase in the population.

Mr. WITTE. That is due to the fact that the number of young people is no longer increasing.

Senator CONNALLY. That situation cannot go on forever.

Senator GORE. I can see how that would affect the percentage, but I do not see how it would affect the total.

Mr. WITTE. We know now there are so many more people in the age groups between 30 and 40, let us say, than there were in the age group of 30 to 40 thirty years ago. The people that are now between 60 and 70 thirty years ago were 30 to 40. We know now how many people we have in this age group of 30 to 40 who in 30 years will be 60 to 70; and that is twice as many as are now in the 60 to 70 age group.

Senator CONNALLY. If they will all live.

Mr. WITTE. With the same mortality rates we now have, there will be twice as many in this group as now.

That is an important point that must be considered in connection with this problem, that no matter what is done there will be an increasing number of aged, and there is bound to be an increasing cost for the support of the aged.

Also I would like to call attention to this further fact, that the cost of supporting the aged, is necessarily very great. That results from the fact that old age is a long period of time. The present experience tables indicate that a man who reaches the age of 65 on the average

has an expectancy of 11 to 12 years. He can look ahead, if he has average life, to 11 to 12 years more. Women can look ahead to 15 years; that is the average expectancy for a woman who reaches the age of 65. Eleven to 12 years or 15 years is a long period of time for people who do not have any means.

To provide an income of \$25 a month—the very low income of \$25 a month—to a person after the age of 65, taking interest at 3 percent, he must have laid aside \$3,300 by the time he reaches the age of 65, to give him an income of \$25 a month for the balance of his life—the 11 or 12 years that the average man has ahead of him—and a woman will have to have laid aside \$3,600. It is a large sum.

Senator CONNALLY. Have the processes by which man's life has been extended made any improvement in his capacity for work after he reaches 65 or any other age?

Mr. WITTE. I think that the end, Senator, of the working period of life is a little longer than it was in earlier generations, but there are also countervailing tendencies, as you well know, the tendency in certain lines of work to refuse to employ people who are past middle age; but, unquestionably, a person at the present time—the average worker—has a somewhat longer period of working life than he had in 1860.

Senator CONNALLY. It may be that we are working to no real purpose just to extend life if it is to be useless, unless it is to make some valuable contribution to society. What is the value of simply extending it in order to complicate our problems?

Mr. WITTE. That is of course a question of the value of life, and I think you cannot measure it—I am sure you have not that thought—simply in terms of dollars and cents and production.

Senator GORE. This will facilitate the distribution of wealth.

Mr. WITTE. Coming down to this question of how many of the aged are dependent; or did you have another question, Senator?

Senator CONNALLY. No; go right ahead.

Mr. WITTE. Coming to this question of the number of the aged who are dependent: In our report there is a statement which some newspapers completely misinterpreted because they did not look at the very next sentence. The sentence is that conservatively one-half of the people now over 65 need support, are dependent on someone else for support. That does not mean that they are dependent on the public. As we state in our report, the largest number of people who are dependent are supported by their children, and under this legislation they will continue to be supported by their children and should be so supported. The ones who are dependent upon the public for support are a much smaller number.

At this point permit me to give you the approximate number of the aged who are now in receipt of some sort of pension and the number of the aged who are in receipt of public relief. Some of the pensions are earned pensions, in the sense that they are built up by contributions, and some of them not.

There are about 100,000 old people in public almshouses at the present time. Most of those people need not only financial help, most of them also need physical care. There is a somewhat larger number than that in private homes for the aged. Many of these old people in the private homes for the aged are paying their own way or their children are paying their way. Some are charity cases.

There are about 140,000 pensioners under industrial pension plans in this country. Industrial pension plans cover at the present time something like four or five million workers—plans that companies have voluntarily set up—some of which are contributory and some of which are non-contributory. There are about 15,000 pensioners under trade-union plans.

Senator GORE. Fifteen thousand?

Mr. WITTE. Fifteen thousand. About 45,000 people pensioned under the United States Employees Retirement Act, perhaps 5,000 under State retirement acts, 25,000 under teachers' pension laws, and probably an equal number under policemen and firemen pension systems that exist in municipalities.

Of course, a much larger number of people than these age groups—no definite figures—who are in receipt of veterans' pensions.

Senator HASTINGS. Isn't that police group much larger than 25,000?

Mr. WITTE. Actual pensions?

Senator HASTINGS. That are taken care of.

Mr. WITTE. I am citing the figures of those that are actually on pensions. This is not an attempt to state how many people are included within these systems, but this is the number of the pensioners. This is an account of the old people.

There are at the present time under State old-age pension laws, general State old-age pension laws in operation in 28 States. In October of last year, there were 180,000 pensioners under State old-age pension laws.

The number on relief lists is not absolutely known, but based on samples throughout the country, the estimate is arrived at that there are approximately 700,000 people over 65 years of age on relief lists, toward which the Federal Government makes a contribution. In some parts of the country there are a considerable number of the aged who are provided for on local relief without receiving any Federal assistance. That is generally the situation in New England, for instance. In New England most of the old people that are on relief are not on Federal emergency relief, and there are certain other places in the country where the same situation exists. Most of the old people that are on relief are included among those 700,000, but there is an indefinite number beyond that, but probably not in excess of 100,000 or 150,000.

Senator GORE. Have you figured out at all the cost of carrying those 700,000 on relief rolls?

Mr. WITTE. It is difficult to figure it. The average family receives \$23 a month on direct cash relief.

Senator GORE. That is the family?

Mr. WITTE. That is the family, and generally for these old people it means that the grandfather or the grandmother is being taken care of as a member of the family group, although in some cases it means an old couple is itself a family group. As a member of the family group, with an average of \$23 per family, the actual allowances are probably not in excess of \$5 additional for the grandfather or the grandmother per month.

Senator GORE. Five dollars a month. This proposes to make it \$30 as against \$23 for the entire family.

Mr. WITTE. Under relief.

Senator CONNALLY. A moment ago you said there were a definite number of old people now being supported by children, and that they would be continued to be so supported. Is it not a fact and do you not think if we adopt a plan like this, that a great many of those that are now being supported, or similar cases, by the children, will be supported on this roll? That they will be anxious to get them on this roll?

Mr. WITTE. This bill provides that they shall be given support if they have no other means of support. I think that is true, Senator, that in the course of time there might be a tendency toward the increase of some weakening of the willingness of children to support their parents. And this is not merely a matter of willingness. I want to call attention to the terrific havoc that has been created by the present depression. Not only have old people's savings been wiped out, but also in many cases the savings of people who are well along in years. Many of those people have lost their jobs. It is very doubtful whether they can in the remaining years of their life make an adequate provision for old age.

Senator GORE. In not only old age but youth and middle age as well.

Mr. WITTE. Youth has, we hope, a longer period ahead to build in. A man who is now 50, who has been completely wiped out and who has lost his job, unless conditions improve very materially, will have a hard time to make enough of a provision to take care of himself. This affects also the children, Senator.

Senator GORE. On that point, what about superimposing upon them the burden proposed in this legislation? It is a pitiful situation. People have a hard time to feed themselves, and industry is prostrate, organized industry and individual industry, and everybody else, and if you are going to pass on to the people that are already prostrate this additional burden, I was wondering whether it would speed general recovery or not.

Senator HASTINGS. Before you leave this particular point, if you do not mind my interrupting you, because I am anxious to find out as nearly as we can, this number. The statement that you say has been misconstrued by the newspapers in the report, I suppose, is this statement which I quote:

At this time a conservative estimate is that at least one-half of the approximately seven and a half million people over 65 years now living are dependent

\* \* \*

And the next paragraph:

Children, friends, and relatives have borne and still carry the major part of the cost of supporting the aged. Several of the State surveys have disclosed that from 30 to 50 percent of the people over 65 years of age were being supported in this way.

That is from the report. If you take that 30 to 50 percent and figure it at 40 percent of 3,750,000, you will have 1,500,000 of this aged group that are being taken care of by the children.

Mr. WITTE. May I interrupt, Senator? Excuse me.

Senator HASTINGS. Certainly.

Mr. WITTE. That 30 or 50 percent relates to the total number of the aged, not to those that are dependent; it includes those that are supported by their children.

Senator HASTINGS. You state here that a conservative estimate is that at least one-half of the approximately seven and a half million people over 65 years of age now living are dependent. And you state, "children, friends, and relatives have borne and still carry the major part of the cost of supporting the aged." Does that half refer to those that are being supported by the children, or doesn't it?

Mr. WITTE. Yes, it includes those who are being supported by their children.

Senator HASTINGS. What are we to understand is the situation? Do I take 40 percent of the 7½ million, or 3 million, and deduct that from the 3½ million and leaving only one-half million?

Mr. WITTE. Yes, that is roughly the way you do it if you use those figures only, but we also quoted in the report the figure that approximately 700,000 aged over 65 are on Federal emergency relief lists at the present time, also that there are a considerable number of people on local relief lists that are not counted in that 700,000. How many nobody can tell for sure. We estimate between 100,000 and 150,000, which would indicate on relief, roughly, let us say, 850,000. One hundred and eighty thousand more are now in receipt of pensions under general State old-age pension laws which, all of them, are based on need; they are situated much like the people who are on relief. The combined total will give you the old people who have no means of support, whose children either cannot or do not support them—a total of approximately 1 million.

Senator HASTINGS. Do we add that 180,000 to this 850,000?

Mr. WITTE. Yes, sir.

Senator HASTINGS. Do we understand that the best estimate of the committee is that there are a million people over 65 years of age that need help, and not 3,750,000?

Mr. WITTE. That is correct, Senator.

Senator HASTINGS. That is correct?

Mr. WITTE. Yes.

Senator HASTINGS. I am glad to get that information.

Mr. WITTE. Now, I want to say something about State old-age-pension laws if you have no further questions on this matter of dependent aged.

There are at this time 28 States, as well as Alaska and Hawaii, which have State old-age pension laws, general laws, that provide for the payment of pensions to old people who lack the means of support. These laws vary considerably. We have in the statistical data I have submitted, an analysis of these laws for your information. Eight of the laws are optional. They are mostly the older laws. They are optional in this sense, that the counties may or may not, as they see fit, grant old-age pensions, and in all of those 28 States, only some of the counties actually are paying old-age pensions. The other 15 States and the 2 Territories have laws that are statewide in their operation.

Senator GORE. Can you give the States and the age limit?

Mr. WITTE. I will give you that in a minute. Four of the laws are not in operation at this time, and a fifth is, for all practical purposes, not in operation. These are all laws that were enacted in 1933. In 1933 nine State legislatures adopted laws and in 1934 another one was added to this list. The great majority of the old-age-pension laws are of recent origin. There has been quite an increase in the number

of pensioners, despite the financial stringency of the States and counties. A survey made by the American Association for Social Security, which has promoted old-age-pension legislation in this country more than any other organization—

Senator COSTIGAN (interpolating). Is that the organization with which Mr. Epstein is associated?

Mr. WITTE. Yes, sir; in 1933 there were 115,000 pensioners under the State old-age pension laws. A questionnaire which we sent out covering October 1934, 9 months later, disclosed 180,000.

Senator GORE. How much later?

Mr. WITTE. Nine months.

Senator GORE. Due to that tendency, do you not think that you might reasonably assume that the States will take care of this problem themselves?

Mr. WITTE. I think not, Senator, because the situation is that the States, or so many of the States, and the localities are financially unable to carry the load. While the number of pensioners has been increasing during this period, the number of old people on relief has grown probably even more rapidly.

Senator GORE. My point is, the Federal Government is not going to get money except from people who live in these various States.

Mr. WITTE. That, of course, goes to the question of finances; that is a little apart from the question I am taking up right now, if I may be excused.

Senator GORE. I do not want to thrust that into this situation.

Mr. WITTE. In most of the State laws, the counties either have to pay all of the expense or most of the expense. Some laws provide for the State paying all of the expense. That is one reason, Senator, why just leaving the situation the way it is is not likely to prove adequate. So many of the counties are utterly unable to meet that burden at the present time.

On this question of the age that you asked about, 14 States have a 70-year age limit, 1 State has an age limit of 68 and the balance 65. So you have just about half of the group at 70 and half of the group at 65.

Senator GORE. Are there any under 65?

Mr. WITTE. None under 65, except the Territory of Alaska, which has an age limit for women of 60, and 65 for the men.

The CHAIRMAN. What is it in California?

Mr. WITTE. California, I think, has a 70-year limit—yes; it has a 70-year limit.

The CHAIRMAN. What are they paying in California?

Mr. WITTE. The maximum pension in California is \$1 a day.

Senator COSTIGAN. How long a residence is required in California?

Mr. WITTE. Fifteen years.

Senator GORE. There is no way of calculating expectancies and how long it will be if this law is passed, that the age limit will be reduced to 60 from 65.

Mr. WITTE. That will depend on the action of the Congress, I presume.

Senator BLACK. There is no way of figuring either, how many more will be thrown out of employment under 65 or over 65 under the system we have.

The CHAIRMAN. Proceed, Doctor.

Mr. WITTE. The residence requirements—coming to that—are generally 10 or 15 years, and 15 years is more common than 10.

The CHAIRMAN. In this bill you have put it at 10 years—

Mr. WITTE (interrupting). Excuse me, Mr. Chairman. Five, five within the last ten before application.

The CHAIRMAN. It must be 5 years of the 10 years. It does not say it shall be 5 continuous years?

Mr. WITTE. No, sir.

The CHAIRMAN. Do you not think that the bill ought to be changed in some respects in reference to that?

Mr. WITTE. Of course, that is a matter for your decision. The 5-year residence requirement is still quite a long residence requirement.

The CHAIRMAN. Under the bill, if one has lived 5 years in a State, of the 10 years, he could get the pension. Suppose that he had lived there, lived 4½ years in the State but moved back just before this law went into effect, but had prior to that time lived there 5 years, he could come under the provisions?

Mr. WITTE. Yes, sir.

Senator CAPPER. What did you say was the largest amount paid in any State?

Mr. WITTE. The largest amount paid under any State law—I am coming to that in a minute—the largest amount and the most usual amount is \$30 a month, or \$1 a day. There are quite a few States with lower amounts.

Senator CAPPER. That includes both the local payment and the State?

Mr. WITTE. The total payment, Senator.

Senator CAPPER. The total payment?

Mr. WITTE. Yes. The residence requirements are 10 or 15 years, usually. The State of Delaware has a 5-year residence requirement; that is the lowest. In the State of Arizona, 35 years. It has ranged from 5 to 35, with 15 the most common.

The CHAIRMAN. Have many of these States because of the depression, failed to pay these pensions?

Mr. WITTE. Yes, sir. The situation in this depression has been that of an enormous increase in the number of aged who are dependent, who cannot be provided for by their children because their children have lost employment or have lost their savings. This also has been true: There has been a great temptation for the local officials to place the old people on relief rather than to grant them a pension, because on relief the Federal Government has paid the larger part of the cost. On old-age pensions the Federal Government has thus far not paid one cent. This has meant that for every old person or old couple that has been granted an old-age pension, the States and counties have paid the entire expense, whereas in most parts of this country if the couple or the old person has been put on relief, the Federal Government has paid most of the bill. Obviously, the temptation has been to put them on relief.

The CHAIRMAN. Are you putting into the record at this point each State that pays a pension for old age?

Mr. WITTE. We have this in one of the tables which you have permitted me to include as a supplement, this gives a detailed analysis of all existing laws, as well as the latest information on the operation of these laws.

The maximum pension payable is most commonly \$30 a month; some lower. North Dakota, for instance, has a maximum yearly pension of \$150—that is the lowest. There are none higher at this time than \$30 a month.

Senator HASTINGS. A dollar a day?

Mr. WITTE. Yes. It would figure a few dollars more by the day. I am using that as being the same as \$30 per month.

Senator HASTINGS. Yes; because there are still 365 days in a year.

Mr. WITTE. Certainly.

The pensions actually granted vary with the needs of the applicant, and any system of pensions based on need must provide for varying pensions.

The CHAIRMAN. Do not all of these States put it upon the question of need?

Mr. WITTE. Yes, sir; every one of them. The term "old-age pensions" implies need—it implies a person who does not have the means of support, who must be provided for in some fashion. The actual pension will vary with the need.

Senator GORE. Do you know whether there is a tendency or not to divest themselves of their property by such persons in order to qualify?

Mr. WITTE. All State laws make it an offense to do that, and I think, to date, at least, there is very little evidence that people have done that.

Senator GORE. In the home owners loan law that was passed, it tempted a great many to put themselves in a position so that they could qualify as being in distress.

Senator HASTINGS. I did not get your answer to Senator Gore's question. What is your answer? Do they require them to divest themselves of their property?

Mr. WITTE. No. There are property qualifications in all of the laws to start with. The property qualification usually is not more than \$3,000 of property, but there is a provision in the law—in all of the laws—making it an offense for old people to divest themselves of property in order to qualify for a pension. Likewise, there are provisions in nearly all of the laws under which the States may require assignments of property as a condition of granting a pension, and a provision further that the pensions granted shall be a lien against the estate. That is applied in cases where it develops upon the death of the pensioner that he had undisclosed property. In the case of a person not playing the game squarely or who has not played the game squarely—if it develops that he has undisclosed property—there is a lien for the amount of the pensions paid against the property.

An assignment of the property is required in certain instances. An old couple may have building and loan stock, let us say, which at this time, in many places, is not worth much, but may later have value. They cannot live from the building and loan stock, but that may be taken as security for the pension, so far as it is any security.

Senator GORE. There is nothing in this bill which provides that after the death of the party if they leave an estate it can be applied to the reimbursement of the Government for the pension paid.

Mr. WITTE. Yes, there is a clause in here. There is a section that the State law must require that the amount contributed toward the pension by the Federal Government shall be a lien against the estate of the decedent.

Senator GORE. I knew that was in Senator Capper's bill at the last Congress.

Mr. WITTE. It is in this bill, Senator.

The CHAIRMAN. Is there any discrimination in the States between the sexes?

Mr. WITTE. No, not in the law.

The CHAIRMAN. That applies both to the ladies and the gentlemen?

Mr. WITTE. Yes, sir, and I believe it has never been charged that there is any actual discrimination.

Senator GORE. Suppose an old couple, a husband and wife, would they both be beneficiaries?

Mr. WITTE. They could be. It is a matter of need and their other income.

Senator HASTINGS. Before we leave that question of the assignment of the property that they may own, do these State laws require that they assign that property?

Mr. WITTE. That the administrator may require such assignment.

Senator HASTINGS. That contribution which the State makes is a lien against their estate at the time of their death?

Mr. WITTE. That is substantially true of all of the laws. Without examining that closely, I could not tell you absolutely surely if that is the provision in all of the laws. It is in substantially all of the laws, at least.

Senator CAPPER. Can you express an opinion as to which of these States has passed the most workable old-age pension laws, in the light of the experience that has been had up to this time.

Mr. WITTE. The newer laws are the more liberal laws. Generally I would say the laws of the States of New York and Massachusetts are the two most liberal. They are the laws under which the largest pensions have been paid, and in which the conditions, not with reference to age, the age limits are higher, are the most liberal. With reference to residence qualifications, Delaware has the best law, as well as in many other respects.

Senator GORE. You say the later laws are the most liberal laws?

Mr. WITTE. Yes, sir; the later laws are the most liberal. The older laws were optional county laws. They left it to the counties and the State itself contributed nothing.

Senator GORE. That has been the tendency in the past, to liberalize the laws.

Mr. WITTE. Yes, sir.

Senator GORE. Through experience?

Mr. WITTE. I presume so. The actual amounts of pension paid vary. I want to make that clear. They will vary with the need of the old people. An old couple that live in a rural district and own their own home, as so many old couples do, maybe they own even a little piece of ground, all they will need is something for their groceries and a small allowance for clothing, but after all a much smaller amount than for an old couple that resides in an urban center where they have no home, where rent must be furnished for them, and where fuel must be furnished. It always depends upon the concrete situation. Under all laws the entire income is taken into consideration. They may have a few dollars of income.

Senator GORE. That is under this bill?

Mr. WITTE: This bill provides that the pension shall be an amount which when added to the income of the pensioner shall be sufficient to provide "a reasonable subsistence compatible with decency and health." That is the language of the New York and the Massachusetts laws, and that will vary with the circumstances.

Senator GORE. Farmers are not to be as well treated as the city people?

Mr. WITTE. Oh, yes, they are. As a matter of fact, all statistics indicate that there is a larger proportion of the aged in rural territory, in proportion to the population, than in urban territory.

Senator GORE. Do you mean there are more voters in the country than in the towns?

Mr. WITTE. No; I meant the old people. There is a larger percentage of the old people in the rural territory, in towns and in small villages, than in the urban centers.

Senator CONNALLY. You mean just of the ones that are in want or of the total?

Mr. WITTE. All of them. Under either criteria.

Senator CONNALLY. They live longer in the country?

Mr. WITTE. That is probably true. And I presume old couples are not as much attracted by the bright lights of the cities as the other people. They are more contented to remain in the rural areas.

Senator CONNALLY. If they have remained in the rural areas until they are old, they have no business going to town then.

Mr. WITTE. No; they have not.

Senator HASTINGS. I understood from Senator Wagner's testimony yesterday that under this bill it was contemplated that the Federal Government would contribute \$15 per month, and all the States that participated in that Federal fund would also have to contribute at least \$15, but that it was left to the Administrator to say whether \$15 per month for that particular State contributed by the State was sufficient to keep that person in health and decency as required by this statute.

Mr. WITTE. This statute requires that the State law, in order to get credit, in order to be entitled to any Federal aid, must give the old couple or the old person a sufficient pension which, "when joined with the income of that person and the person's spouse," is adequate "to provide a reasonable subsistence compatible with decency and health." That may be \$10 in certain circumstances and the total cost may be \$10, or it may be even less, because there may be other income sufficient except for a few dollars lacking to provide for that old couple. There is nothing in the bill that in all cases there must be \$15 contributed by the State, and it may be considerably more than \$30 total. In an urban center it is more than \$30 on the average.

Senator HASTINGS. I got the distinct impression that every State must contribute at least \$15 before they can participate in this Federal fund. You say that is not so.

Mr. WITTE. That is not true, I think. No.

Senator HASTINGS. Are you quite certain of that?

Mr. WITTE. Yes, sir.

Senator HASTINGS. So that the administrator of this law may decide that one State shall contribute \$5. Does that mean that the Federal Treasury will contribute only \$5 or will it contribute \$15?

Mr. WITTE. The Federal Treasury contributes one-half of the amount contributed by the State up to \$15.

Senator HASTINGS. Up to \$15?

Mr. WITTE. Up to \$15. And, Senator, the provision is not that the State must pay a flat \$5 pension or any flat amount. This bill contemplates a supplement to the person's income sufficient to support him in decency and health. That will vary with different circumstances.

Senator HASTINGS. You mean in the same State?

Mr. WITTE. In the same State and in the same community.

Senator HASTINGS. So that the suggestion made by Senator Gore that you would not pay the man in the country perhaps as much as you paid the man in the city, is really a serious question.

Mr. WITTE. That would be the case, certainly. Where you have to provide rent, Senator, it is a different matter from that where you have to provide no rent.

Senator HASTINGS. You mean that under this bill the Federal administrator must ascertain for himself whether or not the various amounts paid to various people in a particular State comes within the definition of a decent living and whatever the language is.

Mr. WITTE. Not in each case, Senator. This contemplates that the State law must include a provision like this Federal standard. The State of New York and the State of Massachusetts now have this language. This is the language from the New York and Massachusetts laws. The State of California, my own State, Wisconsin, have laws which say \$30 a month. That sort of a law probably will not comply with this requirement. We expect that the States that now have definite limits will substitute a standard that is flexible—a statute which says that the old person should receive an allowance which with his own income and that of his spouse will be sufficient "to provide a reasonable subsistence compatible with decency and health". The Federal Administrator will judge, generally, whether that is being complied with. There is no thought that they will check every case. That sort of a machinery is not contemplated.

Senator HASTINGS. How many of these States that now provide pensions provide for varying amounts?

Mr. WITTE. All of them.

Senator HASTINGS. All of them do?

Mr. WITTE. That is the concept of an old-age pension.

Senator HASTINGS. It is not uniform?

Mr. WITTE. No, it is not uniform.

Senator HASTINGS. And the amounts that you have mentioned have been maximum amounts?

Mr. WITTE. That is it. I have the actual amounts here. I want to come to that right now if I may.

Senator BYRD. Do you agree with Senator Wagner that the minimum of \$40 should be paid by the State and the Federal Government?

Mr. WITTE. In all cases?

Senator BYRD. Yes.

Mr. WITTE. That is contrary to the general concept and what old-age pension laws provide. Old-age pensions have been a supplement to other income in an amount sufficient to support old people in reasonable decency. That will vary with what income they themselves have. That will vary with the conditions under which they live.

Senator BYRD. Senator Wagner stated, as I understood him yesterday, that a minimum of \$40 should be paid to each old person provided they have no other income.

Mr. WITTE. That might be his opinion. This bill does not require it.

Senator BYRD. I ask you whether you agree with that from your investigation.

Mr. WITTE. That probably is a proper payment in many situations. In the city of New York the average pension has been \$40 a month or a little better, while in New York State as a whole the average has been \$22.16, because obviously it costs a great deal more for an old couple to live in New York City particularly if they do not own their own home, as most people in New York City do not. The public has to provide that if there is no other means of support.

Senator COSTIGAN. Do you regard a minimum of \$40 as excessive in any part of the United States?

Mr. WITTE. You mean with all other income taken into consideration?

Senator COSTIGAN. Taking that as the absolute income.

Mr. WITTE. You still would deduct, Senator, I take it, the income of the couple which they themselves might have?

Senator COSTIGAN. Certainly.

Mr. WITTE. That would still vary the pension. The pension might be only a dollar.

Senator COSTIGAN. But do you regard a total minimum of \$40 as excessive?

Mr. WITTE. I do not think it is excessive; no.

Senator COSTIGAN. In any part of the United States?

Mr. WITTE. If you can afford it.

Senator GORE. What about \$200.

(Laughter.)

Senator HASTINGS. Doctor, before you leave this—

Senator GORE (interposing). I want the gentleman's smile to go into the record.

Senator HASTINGS. With reference to what Senator Byrd said was Senator Wagner's statement, I would like to read this statement from Senator Wagner's testimony and see if there is any part of it that you disagree with. It take it that you do. I am quoting from page 13:

It is impossible to calculate the precise sums required for this task. Opinions will vary greatly as to what constitutes fair standards of health and decency. But if we accept \$40 per month per person as an immediate minimum goal, our 3,500,000 dependent old people need assistance to the extent of \$1,680,000,000 per year. And this need will mount with alarming rapidity.

I take it that in view of your testimony you do not agree with the number because you said that the number is approximately 1,000,000 persons.

Mr. WITTE. I do not think I differ with Senator Wagner. Senator Wagner does not say that this is to come from the public treasury. There are approximately 3,500,000 people who, from their own means, have not sufficient to live on, but most of them are being supported by their children and relatives and friends. The bulk of this cost is now being borne and will continue to be borne by the children and relatives.

Senator HASTINGS. So you do not think Senator Wagner intended to imply that it was necessary to appropriate from some public funds from the Federal and the State treasuries, \$1,680,000,000 a year.

Mr. WITTE. I am very certain the Senator could not have meant that.

Senator BYRD. Doctor, I would like to ask this question: To what extent is the ability of the children, the sons and the daughters, to support their families, considered when the sons and the daughters are not under the roof of the parents?

Mr. WITTE. If they are not under the roof of the parents, in most States it is a requirement of the State statutes—not of the old-age pension laws, but, I think, in all States, it is a requirement of the general laws of the State—a provision in the poor laws—that children must support their parents if they have the financial ability to do so.

Senator CONNALLY. Children that have been emancipated and over 21 years of age?

Mr. WITTE. Yes; that is the general requirement. And that requirement is legally enforceable in most States. It is in our State.

Senator GORE. I know an institution which I won't mention—it is a home for the aged, which includes men and women. Some of them, in addition to their support, get a little pension of about \$10 a month. When those checks are received, their children drive in, some of them as many as a hundred miles, to take these miserable little checks from the withered fingers of these old octogenarians.

Senator CONNALLY. That institution is not in my State, I may say.

Mr. WITTE. The children can be legally made to support them. The question that you raise, Senator, is what happens if there are children, for instance in another State, who won't support their parents, although they are able to? Obviously, the public cannot leave these old people to starve. It has to take care of them, and there are instances of children, unfortunately, who act as Senator Gore described, and in that instance, I think that we will all agree that, no matter how badly the children act, the public, if the old people have nothing to live on, must step in. It, however, is a right of the State to recover from the children in practically every State of the Union, if not in all of them.

Senator BYRD. What I want to be very clear in my own mind upon is this: If these old people applying for a pension have a son or daughter with enough property to support them or enough income, they will be denied a pension even though that son and daughter have left the home and have other obligations?

Mr. WITTE. They can enforce it.

Senator BYRD. Is it proposed to do so under this legislation that you have here?

Mr. WITTE. This legislation takes into account the actual situation and leaves it up to the State administration to take the proper steps to enforce the obligation of the children to support their parents. If, in fact, there are some old people who, although their children are able to support them, are living in dire want, I think any humane administrator will take care of them and then try to proceed to recover the money from the children. You would have to take care of them first; you cannot let the old people starve.

Senator BYRD. As a matter of fact, you have dictatorial power in this legislation over what the State is permitted to do. You can

deny the entire payment to the State, even though this money comes from the State originally and goes into the Federal Treasury, you can refuse to have it go back to a State unless the State does the things which your dictator under this bill sets up. Isn't that true?

Mr. WITTE. The pension must be an amount adequate to support the old couple in decency and health.

Senator BYRD. The administrator in Washington is to be the sole judge as to whether or not a State receives any of this appropriation from the Federal Government; isn't that correct?

Mr. WITTE. I presume so. It is the same clause, the same sort of standards you have for all kinds of aid. You have provisions, for instance, in your highway grants of aid to the States, that the State must comply with the prescribed standards, and as a matter of fact, I think, no instance has yet occurred where a State has been denied its allotments.

Senator BYRD. Yes; but I am answering the statement which you make, in which you state that the States have a right to establish the regulations. As a matter of fact, the Federal Government, through the administrator, establishes them, and you are coercing the States to do what the Federal Government desires, although the money originally comes from the States.

Mr. WITTE. We have very few standards. I think I can elaborate on those in a moment, when I reach those. There are relatively few standards.

Senator COSTIGAN. The great merit of such legislation is that it tends to bring about uniformity of standards in all the States.

Mr. WITTE. Certainly. I was at the point of the actual pensions paid. I think that is an important point. As the Senator stated here, these are maximum amounts. The actual pensions paid in 1933, as this survey of the American Association for Social Security indicated, were on the average slightly more than \$19 a month. That was the actual pension paid in all pension cases in the country. That average ranged from \$24.35 in Massachusetts, \$22.16 in New York, down to \$6.13 in Indiana.

The total cost at this time, based on our questionnaire—the total cost of the pensions paid to the 180,000 pensioners on the rolls in October 1934 was \$31,000,000, in round numbers. That is the amount that the State and local governments actually expended for old-age pensions. The average cost in October 1934 was slightly less than \$19. It has tended to go down rather than up, with the financial stringency of the States and counties.

That is an average. Individual cases run much higher. In New York City the average is \$40 a month, or a little more than \$40. In New York State as a whole it is \$22.16, but it is nearly double that amount in New York City where it costs more for old people to live.

Senator HASTINGS. What is the maximum in New York?

Mr. WITTE. The maximum in New York is this standard we have in the law.

Senator HASTINGS. Without naming an amount?

Mr. WITTE. Without naming any amount. "A reasonable subsistence compatible with decency and health", is the language of the New York and Massachusetts laws, and it is the language of this bill.

The CHAIRMAN. This would not take away from them the right to pay what they are paying now, but the Federal Government could go up and match it up to \$15?

Mr. WITTE. That is right.

The CHAIRMAN. But it is possible for one getting \$40 in New York State now to get \$55?

Mr. WITTE. I think there are individual cases in which they will get as much as \$60, depending entirely on their circumstances. There are some old people that still have dependent upon them some young people. There are grandparents that are supporting young people—where there is a family unit in which the head of the family is a grandfather who is supporting some grandchildren that are left by a daughter that has died, for instance. There are circumstances in which the total allowance to take care of that family must be considerably more than \$30. There are plenty of other cases where there is some other income, and the allowance can be a small amount to supplement such income.

Senator BYRD. do I understand, Doctor, that this Administrator has supreme power to deny a sovereign State of this Union any benefits of this pension system at all unless that State complies with the regulations that he makes and he thinks are proper.

Mr. WITTE. That is putting that in little stronger terms than I would.

Senator BYRD. Is that not the truth under this legislation if it is enacted as it now is?

Mr. WITTE. Perhaps, theoretically, so.

Senator BYRD. Not theoretically. You are writing a law.

Mr. WITTE. You have the same thing in other instances—

Senator BYRD (interrupting): I want a simple answer to my question, whether or not the Administrator can refuse any part of this appropriation to a State if that State does not comply with regulations which he desires.

Mr. WITTE. Does not comply with the regulations prescribed in the statute; not the regulations he desires. The standards prescribed in this law.

Senator BYRD. The statutes do not go into details as to what is a standard of decent living. He can say what a standard of decent living is, as to how much each pensioner should obtain if the State does not provide that additional money, and then, as I understand it, the entire appropriation is denied to that particular State. Is that true?

Mr. WITTE. If a State law does not pay pensions adequate; but as I say, it is for the provision of a reasonable subsistence compatible with decency and health.

Senator BYRD. Who determines the standards of decency and health?

Mr. WITTE. In the first instance, the State administration. The general question whether a particular State meets these standards will be decided by the Federal Government and the representative of the Federal Government.

The CHAIRMAN. Is not the proposition that you have certain rules and regulations laid down in the law?

Mr. WITTE. In the law itself.

The CHAIRMAN. As the State comes within the purview of the proposition, they must present their plan to the administrator and obtain his approval before the Federal aid goes to them, is that not the case?

Mr. WITTE. That is the case.

Senator BYRD. With all due respect to the distinguished chairman of this committee, as I understand the bill, it gives to the Federal administrator the right to set up certain standards of living, and if those standards of living are not complied with, then that particular State is denied any appropriation from this fund, and I would like to have the witness answer the question yes or no.

The CHAIRMAN. What do you say to that?

Mr. WITTE. I do not know that I can answer it yes or no, but if I answered it in those terms, I would say no, Senator. There is no authority here to the Administrator to set up rules and regulations saying what shall be deemed an adequate standard of health. There is no such authority in the bill.

Senator BYRD. But there is authority for the Administrator to deny a State an appropriation unless he thinks that what that State is doing is what he regards as right in that respect.

Mr. WITTE. This bill, Senator, contemplates—this appropriation will take effect July 1, 1936. Your State of Virginia passes an old-age pension law. Let us say that the law is passed this winter. It submits that law to the Administrator prior to July 1, 1936. He takes a look at the law and determines whether the four standards of the law in here are in that act, and if it complies with that act he sets aside, he is required to, under this bill, set aside an allotment for that State. There is a clause in here under which the Administrator may stop a payment, may stop future payments if the State violates these standards.

Senator BYRD. In other words, the Administrator becomes the dictator of State legislation, by your own statement.

Mr. WITTE. The law requires standards. The standards are in the law.

Senator BYRD. A sovereign State must submit to the Federal Administrator a copy of the legislation before it is passed to ascertain whether or not he approves it.

Mr. WITTE. That is the same provision you have in all other acts.

Senator HASTINGS. Let me see whether by reading this law it will not make perfectly clear what is contemplated. It is found in section 4 of the act. It says on page 3 [reading]:

A State plan for old-age assistance, offered by the State authority for approval, shall be approved by the Administrator only if such plan—

and the particular paragraph is paragraph E on line 18—

shall be approved by the Administrator only if such plan furnishes assistance at least great enough to provide, when added to the income of the aged recipient, a reasonable subsistence compatible with decency and health.

That is a part of it. And then it continues:

And whether or not it denies assistance to any aged persons, at least does not deny assistance to any person who has resided in the State for 5 years or more within the 10 years immediately preceding application for assistance.

And

Third: Has an income which when joined with the income of such person's spouse, is inadequate to provide a reasonable subsistence compatible with decency and health and is over 65 years of age,

et cetera.

That is the provision which Senator Byrd is talking about.

Mr. WITTE. Yes.

Senator GORE. It seems to me the point in that is who is to define and interpret the phrase "decency and health", and then who is to decide whether the State law is compatible with the standard so fixed.

Mr. WITTE. The State law, Senator, states, as do the Massachusetts and New York laws—it is obvious that the Administrator at the outset would have to say that New York and Massachusetts and any other State that writes that standard into its law is complying with the law. A situation might arise where a State subsequently—it is not likely to arise, but it might arise—in which a State despite this law paid pensions which obviously did not comply with its own act. The Administrator could conceivably refuse an allowance. What I mean is this: I want to illustrate that a little. In the State of Nebraska, because of the very bad conditions that have existed due to the drought, under a new law that was enacted in 1933 pensions had been paid of \$2 a month in many of the counties. I think in a situation like that there would be a question whether the Federal Government should match that \$2 by \$1, and there might be a question whether that was complying with the law. There is not any question that any Administrator could not refuse a State the credit because he thought \$24 on the average was inadequate.

Senator HASTINGS. He would have to, under this law. He would have to refuse to match it under this law.

Senator GORE. Why did you say Nebraska pays so low an amount as \$2 a month?

Mr. WITTE. It is a law that came into operation this year. It is supported by the counties only, and many of the counties are absolutely broke; Nebraska being in the condition it is in due to the drought.

Senator GORE. Is it your contention, then, that under this law that the National Administrator of this law ought to make those counties, whether they can or not, provide a larger amount than \$2?

Senator COSTIGAN. As a condition of advancing their proportion.

Senator GORE. You say that they cannot because they are broke. I do not know whether that would be regarded as a good excuse or not.

Senator HASTINGS. What is your understanding under this law? Could you say that the Federal Administrator would match it or could match it under those circumstances?

Mr. WITTE. I would like to start with the beginning. Start off with the very beginning of this act, July 1, 1935. If you will look at section 6, you have there a provision that the Administrator is to make an allotment at the beginning of the year to the State. There has not been any administration at the beginning of the year. The State submits its law and this law contains this provision. The Administrator at that stage certainly cannot say, "I refuse to set up an allotment for this State that has this provision in the law." It could not say that the State of Virginia, for instance, having that provision, is not entitled to any allotment. The statute says that he shall set it up. The State draws monthly on that allotment, but there is this clause in the bill that the Administrator may withdraw—section 7—the only clause that could come into the picture:

The Administrator may withdraw his approval of a State plan, if after his approval thereof such plan fails to comply with the conditions specified in section 3 of this act.

And in section 3 of this act is the provision which says that they must provide a pension to people who are over 65 years of age and who are not inmates of institutions. That is the only condition.

Senator HASTINGS: Decency and health is in it, isn't it?

Mr. WITTE: Yes.

Senator BYRD: In the original instance, the approval must first be obtained from the Federal Administrator as to the details and as to the amount of money that the State will furnish?

Mr. WITTE: No; not as to the details and the amount of money. Matching the allotment that the Federal Government sets up is determined by the amount that the State has appropriated. The only question that will be before the Administrator at the beginning is: Does the law of the State of Virginia, or any other State, comply with the standards? Is that in the law? Is it there? He has nothing else to judge by. The State of Virginia has a law, let us assume, that as written, puts these standards into its law.

Senator BYRD: Let us say that Senator Wagner, who is the chief proponent of this legislation, is correct when he says that there should be a minimum payment from all sources of \$40 a month, which under this legislation requires \$15 from the Federal Government and \$25 from the State governments. If the Administrator agrees with Senator Wagner, is it not true then that he could deny a State any part of this appropriation unless that State contributed \$25, or unless the total income of the old-age pension amounted to \$40?

Mr. WITTE: He certainly could not at the outset. That is very obvious. The allotment must be set up. It will be drawn on monthly on the basis of the actual expenditures of the State. There is a clause that if the Administrator believes that the State is not complying with these conditions, the payments may be stopped.

Senator BYRD: Just answer this, please. I have not had an opportunity to read the legislation carefully and you have. Is it true that the Administrator can set up a standard of decent living if he so disposes, at \$40, or \$50, or \$60 a month?

Mr. WITTE: I think not. I see no authority in the bill that he can do so.

Senator BLACK: May I ask just this one question? I am not sure but I think we can clear this up. This bill specifically provides certain things. I do not know what you think it does provide. You are not a lawyer?

Mr. WITTE: No, sir.

Senator BLACK: This bill does specifically provide beyond the shadow of a doubt that the plans can be approved if they furnish assistance at least great enough to provide, when added to the income of the aged recipient, a reasonable subsistence compatible with decency and health, and it does undoubtedly provide that in case it fails to meet that requirement, the Administrator can notify the State authorities and shall notify the Secretary of the Treasury to withhold payments to such State. Undoubtedly the law as written, whatever may be intended, gives to the Federal Administrator the right if the State of Virginia, as suggested by the Senator, declines to pay \$40 and if the Administrator feels or believes that anything under that amount will not probably take care of the aged in line with his views that he can stop paying, and the question is, is that what is intended by the

bill and is that what you understood? Do the committee on social security want a law which does give that authority to the Federal Administrator, because this one does.

Senator HASTINGS. That is Senator Wagner's interpretation of it, too.

Senator BLACK. Oh, yes. There is no question but what this one does.

Mr. WITTE. It is the same provision that you have in all kinds of aid laws. As a matter of fact, you have had a wealth of experience, and you Senators can judge much better than I whether this clause will mean that sort of interference or not.

Senator BLACK. Do you think it should mean that? That is the question?

Mr. WITTE. I think it should mean that if a State actually pays \$2, that the Federal Government should not attempt to match amounts of that sort, and if it pays any reasonable amount, the Federal Government, any Federal Administrator, I think, would not as a matter of fact interfere with the State's judgment in the matter.

Senator BLACK. Then you do favor—because it seems to me it is a question for the committee and the Senate to determine whether they want that—but you do favor giving such authority to the Federal Administrator, so that if a State fails to meet what the Federal Administrator feels to be necessary for decent subsistence, that he could decline to match it with Federal funds. That is the idea of the bill? That is your idea as to what the bill should contain?

Mr. WITTE. Certainly. Just as you do with highway aid and every other aid.

Senator BLACK. That is one of the standards that is set up, and it is recommended that the law provides that the Federal Administrator can determine whether or not the State is meeting that standard? That is what it does do? I do not think there is any question about that, just as stated by Senator Byrd.

Senator GORE. Does this mean that these broke counties in Nebraska, if they did not put up \$25 a month, that the Federal Administrator could withhold the \$15 under this?

Mr. WITTE. There is no \$15 or \$25 in this bill.

Senator HASTINGS. A maximum of \$15.

Mr. WITTE. A maximum of \$15 for the Federal Government.

The CHAIRMAN. I believe that for the record, in order to clarify Senator Wagner's statement, I should read briefly from his testimony.

Senator HASTINGS. Senator Wagner, do I understand that if a State should find itself in a position where it could not raise more than \$15 a month which is admitted would not apply to the requirements here—

Senator WAGNER (interrupting). That is not admitted.

Senator HASTINGS. I got the distinct impression that it took \$40 a month to make a decent living within the definition of this bill.

Senator WAGNER. I think I said to Senator Couzens that there are different sections of the country in which the economic conditions are different, and undoubtedly in some localities \$30 would go further than \$40 would in other localities. So that I distinctly said that I think it is uniform to make a uniform and fixed rule as to that. If my own opinion were asked and I were to say, I would like to give \$40.

Senator HASTINGS. What page is that on?

The CHAIRMAN. Page 25.

Senator BYRD. What was the purpose in having the appointment of the Administrator and a social board chosen solely by the Executive without the consent and approval of the Senate?

Mr. WITTE. I do not get that, sir.

Senator BYRD. Should not the nomination to this important office be approved?

Mr. WITTE. This does not state how the Federal Emergency Relief Administrator shall be appointed.

Senator BYRD. You are going into a permanent proposition now that is going to last for generations to come. It seems to me he should be approved by the Senate just as the Cabinet officers are and the other important officers of the Government. I would like to know why it was done as it was.

Mr. WITTE. This is not a statute setting up the Federal Emergency Relief Administration. Your act set it up previously, and this does provide that in the event that the Federal Relief Administration ceases to exist, then its functions under this bill may be transferred to some other governmental department.

Senator BYRD. You regard this as a permanent department of the Government for generations to come, do you not?

Mr. WITTE. Administration of the pensions is not work for one department. This will be one function of one department, Senator.

Senator BYRD. Under what department will it function?

Mr. WITTE. As this act stands now, under the Federal Relief Administration and its successors, whoever Congress may designate as its successors.

Senator GORE. That would be the successor of Mr. Hopkins in case he retired, probably.

Senator COSTIGAN. Senator Wagner said, continuing what the chairman read a moment ago:

How else can we work it? We have to put large responsibility somewhere. You have to trust somebody in these matters. We cannot sit here and pass upon each individual case as legislators.

Is that your own judgment?

Mr. WITTE. Yes; somebody must judge. That does not mean every case, but it does mean that in a situation where it is very evident that a State is not complying with the Federal standards—where, for instance, although it has a statute which says, "We will pay a pension to people under 70 years of age", nobody in the State ever receives a pension who is under 75—obviously in such a situation the administration would have a right to stop the allotments to that State. I think it is certainly questionable whether the Congress would want to appropriate those funds when a State, despite the fact that its law provided that a pension shall be paid to those over 70, actually did not pay any pension to those who were under 75.

Senator COSTIGAN. It is then your judgment that the section is desirable and of advantage to the State of Virginia rather than a disadvantage.

Mr. WITTE. That is my thought. It will secure a degree of uniformity, as similar provisions in other aid laws have secured. In actual practice I think that no Administrator will act unreasonably. I think you have to place reliance on your public officials to act within reason.

Senator BYRD. You are clear in your own mind now that this act does give the Administrator right in the first instance—

Mr. WITTE (interrupting). Not the first time. The first time there is nothing that he can do except look at the law.

Senator BYRD. He can determine whether the State legislation sets up a decent standard of living. If it does not do that in his judgment, then he can deny the contribution of that State. You admitted that a little while ago in answer to a question from Senator Black, so I hope that your mind is still clear on that.

Mr. WITTE. If the State law provides, as does the State law of Massachusetts and of New York, the Administrator obviously would have to approve the law.

Senator BYRD. In other words, you start off with the first proposition that the legislation passed by the States must be approved by the Federal Administrator before that particular State can receive any benefits from this appropriation. There is no difference between us on that.

The CHAIRMAN. There is no doubt about that is there, Doctor Witte?

Mr. WITTE. Obviously somebody has to determine whether these States are—

Senator BYRD (interrupting). You said a little while ago that that was not the case and I want to be certain that you and I agree on that, because to me that is a very important question.

Mr. WITTE. All you have to do is to write three lines in your Virginia law to meet that. If those lines are in there, you are all right.

Senator BLACK. That would mean if he writes the lines that you state, if he writes these words, then they have met it in the initial outset.

Mr. WITTE. Certainly.

Senator BLACK. If he simply puts in the law that the State shall pay a reasonable subsistence compatible with decency and health. That is correct as to the initial passage of the law?

Mr. WITTE. Certainly.

Senator BLACK. If after that the State of Virginia should conclude to pay only \$10 a month and the Federal Administrator concluded that that was not sufficient to give reasonable subsistence compatible with decency and health, then the Federal Administrator could in his discretion cut off the payments from the Federal Government to the State of Virginia.

Mr. WITTE. Yes, sir.

Senator BLACK. That is correct?

Mr. WITTE. Yes, sir.

Senator BYRD. That is not what I understand. He will be forced to do that because the State has to contribute \$15.

Mr. WITTE. No; that is a mistake. That is not in the law.

Senator HASTINGS. Doctor, I would like to ask you this question—

Senator BYRD (interrupting). Excuse me, Senator. Can I get this clear? Do I understand then that the Federal Government would contribute more than the State would contribute?

Mr. WITTE. No.

Senator BYRD. In other words, could the State contribute \$10?

Mr. WITTE. The State might contribute \$5 and the Federal Government might contribute \$5, and that might be adequate. It will, in many cases.

Senator BYRD. That is true, but it goes back to the other proposition that you could set the standard of living at \$40 or \$50 in the judgment and discretion of the Administrator. I am speaking as a matter of law and not what the Administrator will do. I am assuming that he is in sympathy with Senator Wagner who is the chief exponent and perhaps the greatest student of this legislation. But if the State administrator should fix it at \$40 he could deny Virginia a part of this under those conditions; is that true?

Mr. WITTE. It might be. But I say there is no authority in the Administrator to say that \$40 is the minimum. That is not it. He has to make a finding; he will have to determine that Virginia is not providing "a reasonable subsistence compatible with decency and health." That means a varying amount under varying conditions.

Senator BYRD. Still it gets down to the dollars and cents of what you regard as a standard of living and what creates that standard of living, and that is money; therefore you have to get down to the amount of money which is contributed by the State, which is a definite amount.

Senator HASTINGS. I would like to inquire, from the committee's point of view, what is the objection in the illustration that you have given where, because of the serious conditions Nebraska found itself able only to pay \$2 a month. What is the objection to the Federal Government contributing a like amount of \$2 a month when it is shown conclusively that that is all that the State could afford to pay? Is that not all the more reason why the Federal Government should contribute when the State has gotten to a position where it cannot pay more than a small sum like that?

Mr. WITTE. If you state it like that, that would be correct, if actually that was all that they could pay. We now know through experience with emergency relief—we have had the same situation with reference to emergency relief, the Administrator has discretion to require—in fact he has much wider discretion than he has under this bill—and under that bill we know that some communities have not done their fair share. If this is all they can actually do, that is one thing.

Senator HASTINGS. This law does not permit the Administrator, though, to contribute under circumstances like that.

Mr. WITTE. Yes, it does.

Senator HASTINGS. Well, no; it does not.

Mr. WITTE. He has to stop, you mean?

Senator HASTINGS. He has to stop.

Mr. WITTE. It is in his discretion.

Senator HASTINGS. Oh, no, not at all.

Mr. WITTE. Section 7, Senator.

Senator HASTINGS. Oh, yes. You mean it is in his discretion?

Mr. WITTE. The only case, as this discussion has brought out, is that after an allotment has been made, the Administrator may stop the allotment. The Administrator may withdraw his approval of the State plan if after his approval thereof such plan fails to comply with the conditions specified in section 3 of this act. In cases of such withdrawal, he shall notify the local authorities.

Senator HASTINGS. That is an additional power given him.

Mr. WITTE. That is the only power that he has to stop this allotment.

The CHAIRMAN. Dr. Witte, the committee will appreciate it if you can return in the morning. Miss Perkins has been before the House Ways and Means Committee, and it is rather late now, and we will hear Miss Perkins Friday morning. That will be more convenient to her, and Mr. Green, of the American Federation of Labor, will be here in the morning also.

I would like for the committee to go into executive session for a few minutes. There is a matter of some importance which I want to take up with them. We will adjourn now until tomorrow morning at 10 o'clock.

(Whereupon, at 11:50 a. m., an adjournment was taken until 10 a. m. of the following day, Thursday, Jan. 24, 1935.)