

ECONOMIC SECURITY ACT

THURSDAY, JANUARY 31, 1935

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

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

Present: Senators Harrison (chairman), King, Connally, Costigan, Byrd, Lonergan, Gerry, Guffey, Couzens, La Follette, Metcalf, and Capper.

The CHAIRMAN. The committee will come to order.

Mr. Witte, you may proceed where you left off yesterday.

STATEMENT OF EDWIN E. WITTE—Continued

Mr. WITTE. I would like to proceed with the next subject dealt with in the bill—unemployment compensation.

Senator COUZENS. Before you start that, Dr. Witte, may I ask if any consideration has been given by your committee to the care of the wholly disabled, such as the blind and the crippled and so on?

Mr. WITTE. We have in the bill, Senator, an appropriation under which the Federal Government will for the first time enter the picture with regard to the care, hospitalization, and physical restoration of crippled children. This is the only provision in the bill specifically for the handicapped.

Senator COUZENS. It has come to my attention that there are many, many thousands of blind who are wholly indigent, in addition to others who have both legs or both arms off or one leg and one arm, and it seems to me they are in a more pathetic situation than even the old or the aged people are.

Mr. WITTE. There is a great deal in what you say, Senator. However, because these people are the most unfortunate of all, the States have done more for them than for other groups that are also handicapped and also in distress at this time. There is no question that what is being done for these unfortunates in this country is not enough, and it may be that the Federal Government will ultimately have to enter that field, too. The great majority of the States have blind pension laws. They are inadequate in some respects, but after all, on the whole, very much more adequate than the old-age pension laws.

Senator COUZENS. Did your Committee give any study to the question as to that? That is what I wanted particularly to know.

Mr. WITTE. We have given very little study to it.

Senator COUZENS. So you have no information, no statistics, or no recommendations to make for that group of citizens?

Mr. WITTE. None directly. In our recommendations we stressed the importance of the work of vocational rehabilitation that is being carried on by the Division of Rehabilitation in the Office of Education. We called the attention of Congress to the importance of that type of work in a complete program of preventing destitution and dependency. Aside from that, Senator, we have hardly touched the problem.

Senator COUZENS. Is it practical to aline the work of those which I have just described with the work of crippled children or those crippled by infantile paralysis?

Mr. WITTE. I think you have in mind something like pensions laws for the blind——

Senator COUZENS. Yes.

Mr. WITTE. Which would require Federal aid. The States have pension laws for the blind very generally. Not all States, but the majority of the States, pay pensions to the blind who are unable to care for themselves, and Federal aid would be in the nature of a subsidy to the pensions granted by the States to the blind.

Senator COUZENS. Isn't that a part of your proposal so far as infantile paralysis cases are concerned?

Mr. WITTE. The infantile paralysis cases are cases of treatment and physical restoration.

Senator COUZENS. And do you propose to do that work?

Mr. WITTE. Through the States; through grants in aid. Eighteen States are in that picture now, including your State, I believe.

Senator COUZENS. But I see no practical objection to combining the activities, if they are both physically disabled, both the infantile paralysis cases and the armless and legless and blind.

Mr. WITTE. The one difficulty, Senator, is that the program that we contemplate for the crippled children is essentially medical and hospital treatment—physical restoration—whereas I take it with these adults that are disabled two things are vitally necessary: One is vocational training (in which the Federal Government is doing a notable work at the present time which should be extended), and the other is direct financial grants to certain of these people who are permanently disabled and beyond very much chance of being made self-supporting. That part of the program we have not touched.

Senator COUZENS. In your study have you any figures as to the extent of infantile paralysis cases that are permanent cases?

Mr. WITTE. We have figures showing that there are between 300,000 and 500,000 children under 16 that are cripples at the present time.

Senator COUZENS. Have you information as to the adults?

Mr. WITTE. Permanently disabled adults in the population range from 6 to 9 per thousand. We did give some thought, Senator, to the problem of invalidity insurance, which certain European countries have undertaken, but invalidity insurance presents such great difficulties that we felt that it was a subject that should be further studied by the Social Insurance Board. We may have to adopt invalidity insurance and in time probably will do so. The experience of the insurance companies with this type of insurance, however, has been very adverse. Invalidity insurance presents great difficulties. As an outright pension grant, I do not know how great the difficulties would be, but it would involve considerable financial aid by the Federal Government.

Senator COUZENS. The workmen's compensation acts do not take care of these permanently injured?

Mr. WITTE. They take inadequate care of them. Some compensation is paid for the permanent disability under all acts.

Senator COUZENS. For how long?

Mr. WITTE. That varies very greatly.

Senator COUZENS. None of them are for life, are they?

Mr. WITTE. Yes; some laws are on a life basis, that of the State of New York, for instance. The majority of them allow compensation only for limited periods.

Senator COUZENS. That is what I am afraid of. That does not do any permanent good for a permanently injured person in industry.

Mr. WITTE. It helps somewhat. The compensation acts are weakest in connection with that group of workers—the ones most seriously injured.

Senator COUZENS. That is what I understood.

Mr. WITTE. The pressure is always to give more money to the larger number who have minor injuries, because the ones who are seriously injured are a relatively small percentage. It is a very serious problem, Senator, and needs further study.

The CHAIRMAN. Let me ask you this. The head of the Public Health Service was on that Committee, Dr. Cummings?

Mr. WITTE. He was not on the Committee as such. We consulted with him.

The CHAIRMAN. Who took the most prominent part with reference to the matter that Senator Couzens has inquired about?

Mr. WITTE. The health problems?

The CHAIRMAN. Yes.

Mr. WITTE. The Public Health Service is within the Treasury Department, and the Secretary of the Treasury was a member of our committee, and Miss Josephine Roche, the Assistant Secretary of the Treasury, a member of our Technical Board. She took a very active part in our work.

Senator COUZENS. But the Secretary could not take any active part in the work?

Mr. WITTE. He attended nearly all meetings, but, of course, did not personally do the actual drafting of the legislation, or anything of that sort.

Senator COUZENS. That is just another step toward the bunk about transferring the authority to Government officials that do not exercise the authority granted.

Mr. WITTE. The Secretary of the Treasury took an active interest in our work.

The CHAIRMAN. And the head of the Public Health was drawn into the conferences, I assume?

Mr. WITTE. Certainly. And we had the chief statistician of the Public Health Service in charge of our public-health studies.

The CHAIRMAN. All right; proceed.

Mr. WITTE. Unemployment compensation is title 6 in the bill; it starts on page 34.

Before discussing the details of unemployment compensation as outlined in the bill, I would like to present the general concept which our committee has of unemployment compensation. The committee does not conceive of unemployment compensation as a complete

measure of protection against the hazards of unemployment. In no country of the world has unemployment compensation operated as a complete measure of protection and it cannot possibly so operate. The committee in its report—

Senator COUZENS (interposing). While you are on the point. You say that it is not the complete answer to the problem?

Mr. WITTE. No.

Senator COUZENS. What other step is a complete answer to the problem?

Mr. WITTE. In its report, the committee put first what we called "employment assurance." If I may use the figure of speech, unemployment compensation is a front line of defense for a majority of the employed population not for all employees. You cannot bring them all in, but especially in a period of a great depression, you need something that goes beyond unemployment compensation. Unemployment compensation can give only limited protection, regardless of how high you make the rates of contribution. You need something beyond that, and our committee called that "employment assurance." By employment assurance, the committee means a conscious policy on the part of the Government to stimulate private employment, and insofar as it can, to provide work for the unemployed when private employment slackens. This bill is not the complete program of the administration for dealing with the problem of unemployment. The work resolution now pending in the Senate is the other part of the program. The \$4,000,000,000 appropriation for a work program represents the major contribution of the Federal Government toward meeting the hazard of unemployment. I call your attention to the fact that this \$4,000,000,000 contribution coming out of general taxes is a larger contribution than any country in the world has ever made at any time for meeting the problem of unemployment.

In England, from 1920 to March 31, 1934 (which is their fiscal year), the Government contributed by way of contributions and loans to the unemployment-insurance funds a total of £350,000,000 in round numbers, which is less than \$2,000,000,000. That is the total governmental contribution that England has made to unemployment compensation, and of that sum, in excess of \$500,000,000—£100,000,000—is carried on the books as a loan which the fund is to repay to the exchequer.

The CHAIRMAN. That does not apply to any of the possessions? That is just as to England?

Mr. WITTE. That is to Great Britain. In the year ending March 31, 1934, the Government contributed £53,000,000 to the unemployment compensation fund; in our money, \$265,000,000.

In this works program, the Government is making a very large contribution from general taxes to the relief of unemployment. Our committee in its report conceives that the Government as a permanent policy should make, if I may use the term, "the maximization of employment" one of its major contributions toward economic security; that it should adopt the conscious policy of trying to stimulate private employment and providing public employment when great emergencies arise.

Senator COUZENS. Did your committee give any consideration to the fixing of an annual income for these workers and making it a charge against industry?

Mr. WITTE. I am not sure that I follow you, Senator.

