SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. LONG. Mr. President, I ask permission to send to the desk an amendment to the pending measure, which I shall call up today or tomorrow. I ask that it may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. HASTINGS. Mr. President, I desire to discuss for a little while certain portions of the pending measure. I desire to cover briefly those provisions which relate to the granting of aid to States. Then I desire to call attention to the discriminations in the bill in favor of the old as against the young, the possible effect of such discriminations, the possibility of maintaining the huge reserve provided for, the cost of the plan under title II, and, lastly and very briefly, to title III relating to unemployment insurance.

I think the social security bill presented to the Senate by the committee is a very great improvement over the original bill, known as "8. 1130."

In my judgment, this bill is the most important bill that has been presented to this session of Congress. It maps out for the country an entirely new program. It is new in three particulars.

First, it is new in the assistance granted to States for old-age assistance, for aid to dependent children, for aid in maternal and child welfare, and for public-health work.

The Federal Government has for many years been making grants to States for the building of highways. There have
been other appropriations made of comparatively small amounts for other purposes, but the large item has been for the purpose of building roads.

We are now entering into a field which heretofore has wholly a State responsibility. An effort has been made heretofore to have the Congress give some aid to the States to take care of their needy aged people. Many bills have been presented to the Congress having this as their purpose, but the Congress has never acted favorably upon them.

This bill comes to us not only as a recommendation of the President of the United States, but comes at a time when the recollection and distress of the depression is fresh in our minds and the existence of such distress is still in our very midst. More than that, it comes at a time when the individual States are laboring under a strained financial condition, with many of them believing that they cannot take care of their own. This feeling upon the part of the State authorities is partially due to the precedent of the Federal Government in furnishing huge sums of money to take care of the needy in the States. That it was necessary for the Federal Government to do something along this line is admitted by all; the question which has caused much debate in and out of Congress is the plan and method employed in giving such aid.

The conditions which I have recited and the precedent we have established make it exceedingly difficult to oppose this part of the pending bill. I have, after much consideration, reached the conclusion that it is necessary to support these grants to the States for the purposes set out in the bill. In doing so I do not overlook the great dangers which such action on our part at this or any other time will bring to the principles upon which our Government was founded. When the Federal Government adopts as a permanent policy a plan to contribute from the Federal Treasury any substantial sum for the care of the needy people of the States it immediately begins breaking down the independence of the States by making them more responsible to a centralized government.

I do not protest, for a protest would be of no avail. I yield, as every elective legislator must yield under our form of government, to what I believe to be the demand of the great majority of the people of every State.

I should not be so much disturbed in consenting to the grants set up in the bill for the purpose mentioned if I knew that the precedent thereby fixed by the Congress would not be enlarged upon. I know, however, that this is only the beginning; and I know that the same principle of support which supports this much of the program will continue until the amounts which are to be granted by the Federal Government will be increased and the scope of the relief greatly enlarged. This demand will continue from time to time until it will become such a burden upon the American people that the increasing or decreasing of the amount will become a serious political issue.

The only hope left, in my judgment, is that the Congress shall consider itself always to be doing for a State and for the people of the State only so much as that State does for itself and its own people. In other words, the only safety we have in this new tremendous interference is that the State does its full share. If we stick to that principle, we may save ourselves from some of the serious consequences which I apprehend will come out of this plan.

Of course, Mr. President, there is nothing in this plan that is so complicated as to prevent it from being easily understood by the country so recovers from the depression that such contributions on the part of the Federal Government are needed to be unnecessary. In other words, we may treat this matter at the present time under this plan as an emergency, which may or may not develop into a permanent policy, all of which, including the amount of the appropriation, would depend upon the conditions existing from year to year.

I say with perfect truthfulness that I have but little hope that the plan would be abandoned for the reasons I have stated. I merely point out the ease with which it could be abandoned, in order that I may compare it with other features of the bill which I cannot support.

I have called attention to the fact that there are three parts of this bill which are entirely new. I have been discussing only one that is contained in titles I, IV, V, and VI, and another title relating to the blind.

FEDERAL OLD-AGE BENEFITS

Title II, found on page 7, refers to Federal old-age benefits, and is perhaps the most complicated and far-reaching legislation in which the Congress has ever indulged. It is an effort to write into law a forced annuity system for a certain class of persons. My recollection is that it affects about 20 percent of the persons who are gainfully employed. There will be found on page 9 of the majority report a table which shows that in 10 years there will be accumulated in this reserve fund a little less than $10,000,000,000, in 18 years a little more than $22,000,000,000, and in 43 years the balance in reserve will be something like $47,000,000,000. The accumulation of this amount of money in a democratic form of government like our own is unthinkable.

It must be remembered that this effort to create an old-age reserve account to take care of all persons in the future is not a contract that can be enforced by anybody. What we do here is merely to pass an act of the Congress, which may be changed by any Congress in the future, and has in it nothing upon which American citizens can depend. Does anybody believe that such a huge sum of money, accumulated for any purpose, could be preserved intact? Does anybody doubt that it would be subjected to all kinds of demands? I can think of nothing so dangerous as an accumulation of the huge sum of $47,000,000,000 for the purpose of taking care of persons who have not yet arrived at the age where they can participate in the fund.

I must be borne in mind in this connection that this huge fund will have been accumulated for the purpose of taking care of only about one-half of the persons who will have been gainfully employed.

There will be found in the majority report, on page 9, this very significant statement: 'To reduce the cost of free pensions for these groups in the population, we deemed it desirable that the bill should include provisions for the payment of annuities to persons who have contributed to the fund.' I think this statement is somewhat misleading. The reference is made to title XI, which provides that the Federal Government may issue annuity bonds. The statement is made in the report that it is believed that Government effort to issue annuity bonds will reduce the cost of free pensions for the persons who are not insured in the other plan.

There can be no hope, in my judgment, of this accomplishing any such purpose.

I may say in that connection that, so far as I know, there is no particular advantage in annuities of this kind over annuities of the kind which have been issued by insurance companies to the part, and are being issued today. If it be true that the annuity plan suggested in the bill will take care of one-half of the people who are not now being taken care of, it seems to me we might very well apply it to the entire class that is to be taken care of.

DISCRIMINATIONS

Now, Mr. President, in some detail and perhaps with some tediousness I shall point out some of the discriminations in the bill, and I do it for more than one reason. I do it not only for the purpose of showing the unfairness of the bill itself but for the purpose of calling to the attention of the Senate what some future Congress will need when faced with the discriminations which will be practiced under the bill.

I think it desirable to point out the many discriminations. They are against the young man and in favor of the older man. In my comparisons, unless otherwise stated, I shall assume that the wage received is $100 per month in each instance, and that the employee makes full time.

Under the plan as set out in the bill at the bottom of page 9, if a man begins to pay in January 1, 1937, and pays in for 5 years, he will have paid on an earned income of $4,000. In order to find out how much he gets each
month we take one-half of 1 percent of the first $3,000, which makes $15 per month, and we take one-twelfth of 1 percent of the other $3,000, which makes $2.55 per month, or $31.65, or a total of $17.50 per month. If this man is 65 years of age when he begins to pay in, he may retire at the age of 65 and get $17.50 per month.

There has been contributed for him and by him during these first 5 years, $144, being 2 percent for the first 3 years, and 3 percent for the next 2 years. If this sum were paid to an insurance company, it would purchase an annuity of $1.17 per month.

The mortality table shows that a man 65 years of age is expected to live for a period of 12 years. If we should take the $17.50 per month allowed him under this bill, he would be paid $210 per year, and for a period of 12 years it would amount to $2,520. If we should place it upon a sound basis, however, and pay him $1.17 per month, he would receive $14.04 per year, or a total for the 12 years of $168.48; so that particular person, whether he be in need or not, would get from some source $2,361.52 more than the money contributed by himself and his employer would earn.

Take another instance, and assume that the man who goes in on January 1, 1937, is 55 years of age. It will be observed in the majority report on page 7 that that man will be entitled to $384 per month. During the 10 years he will earn $12,000, and there will be paid in by him and for him $384. That $384 with interest at 3 percent will purchase an annuity of $3.96 per month. If he lives for 12 years he will draw $45.12 per month, or $541.44 a year; and assuming that he lives 12 years, and draws $22.50 per month, or $270 a year, he will receive $3,240, making a difference of $2,688.56 for each particular person in that class.

But let us take the man who goes in at 50 years of age and pays in for 15 years. There will be paid in by him and for him $1,500, or a sum which will purchase an annuity of $16.67 per month, whereas under the plan of the bill he would be entitled to $15 per month on his first $3,000 of earnings and $12.50 per month on the balance of his earnings, or a total of $37.50 per month, or $450 per year; and assuming that he lived for a period of 12 years he would draw $3,960; while his annuity of $7.67 per month, or $92.04 per year, for a period of 12 years would make a total of $1,104.48, which amount deducted from the $3,960 under the plan leaves $2,855.52, which must be paid from some other source to every person in this particular class, regardless of whether or not he is in need.

But suppose he goes in at 25 years of age, and payments are made by him and for him for a period of 30 years. For the first 15 years the amount paid in amounts to $750, but for the next 15-year period the rate is uniform at 6 percent. The additional amount, therefore, paid in that could be used to purchase an annuity would be $1,800, making a total of $1,875. Under the plan he gets $42.50 per month, or $510 per year, and assuming that he lives 12 years, and, of course, it may be more or less, he would receive a total of $6,120. The annuity that could be purchased for him with that $1,800 would be $155.52 per month, or $1,866.24 a year, or a total of $2,257.08. This subtracted from the amount that he would receive under the plan leaves $3,862.92.

Assuming that the man goes in at the age of 25 years and pays in for 45 years, there will be paid for his account $2,880; and that if everything happens that is expected to happen, in at 25 years of age he still gets an advantage of $1,029.60 or a total of $1,859.60. But suppose he goes in at 35 years of age. and payments are made by him and for him $720, and this sum will purchase an annuity of $44.10 per month, or $529.20 a year. Under the plan he would be entitled to $53.75 per month, or $645 a year, and for 12 years he would receive a total of $7,740. There will be paid for him under the plan $2,922, which will purchase him an annuity of $98.50 per month, or $1,182 a year, which over 12 years would make a total in payment to him of $9,864. Under this plan he gets only $7,740, and therefore loses $2,124.

As I have said, all of the illustrations I have given have been based upon a salary of $100 per month. But let me emphasize that illustration by taking the man who reaches the earning age in 1949, who earns $250 per month, and pays under the plan for a period of 45 years. During that time he will have earned $94,200, and under the plan will be entitled to $53.75 per month, or $645 a year, and for 12 years he would receive a total of $7,740. There will be paid for him under the plan $2,922, which will purchase him an annuity of $98.50 per month, or $1,182 a year, which over 12 years would make a total in payment to him of $9,864. Under this plan he gets only $7,740, and therefore loses $2,124.

Let us take another illustration, and suppose that a man does not reach the earning age until 1949; 1949 is the year in which the full tax becomes effective. He does not begin to pay in until he is 20 years of age, in 1949, and under the plan he pays in for 15 years. During that time he will have earned $54,000, and under the plan will be entitled to $53.75 per month, or $645 a year, and for 12 years he would receive a total of $7,740. There will be paid for him under the plan $2,922, which will purchase him an annuity of $98.50 per month, or $1,182 a year, which over 12 years would make a total in payment to him of $9,864. Under this plan he gets only $7,740, and therefore loses $2,124.

If he has paid in for a period of 25 years, however, his estate will receive $7,740. There will be paid in for his account, however, the sum of $8,100, which, with interest compounded at 3 percent, would purchase him an annuity of $171.25 a month, or $2,055 a year, which over a 12-year period would give him a total of $24,660. Under the plan he gets only $7,740, so that there is a difference of $16,920 which the young man, who starts in 1949 and pays in for a period of 45 years and earns during the whole of that time $750 per month, will lose.

Mr. President, let me call attention to another discrimination, with respect to the payments upon death, which will be found on page 11 of the bill. Section 203 provides that for any person dying before the age of 65 his estate shall be entitled to 7 1/2 percent of the total wages paid to him after December 31, 1938.

If a man, therefore, enters this plan at the age of 60 and earns $1,200 per month during 5 years, he will have earned $24,000, and under the plan will be entitled to $384 per month, or $4,608 per year, and for 5 years he will receive $1,920, or a total of $6,000. If he dies just as he reaches the age of 65 his estate will be entitled to have paid to it a lump sum of $210.

The amount this particular employee has paid in, plus the accumulated interest at 3 percent, will only amount to $76.50, making an overpayment to the estate of $197.28. If he has paid in for a period of 25 years, his estate will receive $765, making an overpayment of $197.57. The above illustrations are based upon the assumption that he has paid in for 15 years. If he has paid in for a period of 25 years, his estate will receive $298.08 less under the plan than they would have coming to them from the ordinary life-insurance annuity.

The above illustrations are based upon the assumption that he began to pay in at the end of 1938, when the rates would be less than the maximum for the first 12 years.
If we take the illustrations of a man who starts to pay in in the year 1949 and pays in for a period of 45 years, we will find that his estate is entitled to the same $1,500, although the amount the employee has contributed to the fund with its accumulated compound interest would amount to $3,383.52, showing a loss to his estate of $1,493.52.

I have called attention to the fact that the youth who enters this plan in 1949 and pays in for a period of 45 years and retires at the age of 65 and then lives out his expectancy of 20 years, will receive under the plan in for $93.75 per month, while if the same amount had been paid in on some annuity plan he would receive $85.50 per month, making a total loss to him during the 12 years of $2,124.

The same youth is penalized if he should pay in for 45 years and die at the age of 60 and then live out the expectancy of 20 years. He will receive under the plan only $1,890, whereas the amount that he has participated in with accumulated interest would be $3,383.52, or a difference of $1,493.52. If he lives for 12 years, his account is at 7%, and draws his pension, he has a loss of $2,124, while if he died at 65 before beginning to draw his pension his estate is out $1,493.52.

This discrimination is further emphasized if, instead of taking a figure of $100 per month as the wage-earner's salary, we substitute some other figure, such as $50 or $75 or $100. We have seen that in such a case if the man lived and drew his pension under this plan, instead of drawing what he would be entitled to under a regular annuity contract, he would lose $12,420. If the same $75 per month man, however, were to live for 45 years and dies just as he reaches the age of 65, his estate would get back $4,725, while if the same amount of money had been paid in under an annuity contract, his estate would be entitled to get back $8,408.50, showing a loss to his estate of $3,733.80.

DISCRIMINATIONS IN AMOUNT OF SALARIES RECEIVED

A like discrimination is made between persons getting low salaries and persons getting higher salaries. The bill favors the person with low earnings against the man with higher earnings.

Take the illustration found in the report on page 8. It will be observed that the man who has paid in for 10 years on the basis of $50 per month will receive a pension of $175.50, and that $175.50 to a man who has paid in the same amount of $100 per month is increased to $22.50, while if the same amount of money had been paid in under an annuity contract, his estate would be entitled to get back $8,408.50, showing a loss to his estate of $3,733.80.

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Mr. President, I call attention to the discrimination in this bill, not so much for the purpose of emphasizing the argument which will be made by those who shall participate in this plan, who pay the taxes, and who are entitled ultimately to some return from it, but I call attention to it for the purpose of emphasizing that, after all, this is a democratic form of government, and we, as hereinafter may be changed and will be changed upon the demand of people who have been discriminated against.

That is the principle that was made by the distinguished Senator from Wisconsin (Mr. La Follette) the other day in response to a question I asked the chairman of the committee, or in response to the suggestion which I made to the chairman of the committee as to the discriminations. I do not overlook the fact that a part of these funds are being placed in the hands of some insurance company or had been placed in the hands of any person who has invested it at 3 percent interest, and the 3 percent interest had accumulated until he had arrived the age of 65 years instead of getting $85 a month he would get a little more than $172 per month.

When he goes to his Member of Congress and sets forth those facts and shows how hard he has worked all these years, and how this money has been accumulated for him, and shows how in 1933 the Congress, when it enacted this law, enacted it in this form, because it was said Congress could not afford to do better than that which is now undertaken to be done, that is, to tax that youth of the future in order to take care of the older man of today—when he sets forth those facts, I say that his claim will be so just, his claim will be so fair, that no Member of Congress will dare turn him down, and we shall have that question confronting us, just as we have today such a question confronting us in the matter of the soldiers' bonus.

The soldier says, "We went to the war and we fought for America; we defended America while others at that time remained home and were earning large sums of money." What do we say in reply? We cannot deny what he says. We cannot deny that he earned much more than he received.

The only reply we can possibly give to him is, "My dear fellow, you cannot expect America to pay you the sum of money that you yourself have spent. It is impossible. There is not enough money in America to pay it. There is not money enough in the world to pay the soldiers' bonus. This money is not due to them for any reason or explanation. It is impossible."

So, because we promised him a bonus he comes to the Congress and says, "We need the money now, and you ought to pay it in advance." We cannot say, "You did not earn it." We cannot say, "It is not proper to pay you in advance because you did not earn that much money." We have no defense except to say, "We have agreed to do a certain thing for you because of our great appreciation of what you did, and we are going to limit it to that, and that is not yet due"; and then that around we defend our position, and that is the only ground upon which we can defend it.

However, when the man who will be 20 years of age in 1949 shall come to the American Congress with a certificate showing what has been paid in for his account, and he shall show to the Congress not only that, but will be able to say to the Congress, "If this money had been invested properly there would be coming to me now for the balance of my life $172 a month instead of this paltry sum of $55 a month which you expect to give me now"; when the Congress will have no defense to it at all. We will have no defense at all, because he will not have gone into this plan voluntarily. We will have forced him into this plan. We will have forced him to contribute the Federal Treasury 3% percent of his salary and will have forced his employer to do likewise. Perhaps all he can pay out of his salary is 3 percent; perhaps all that is all he can spare, and perhaps it is all the employer can do for the employee; but instead of leaving it to him to make with some organization a binding contract which would enable him, if he lived to be 65 years of age, to get $172 a month, and which, more than that, would enable him when the time 65 comes to borrow money, to take part of him remaining, and which, more than that, would enable him to live out the expectancy of 20 years, he will have his credit in the Federal Government. It will make no difference to him whether or not a part of it has been contributed by his employer. He will say, and in many instances it will be true, that he did not get enough pay anyway, and that, therefore, he has gotten no more from his employer than he received in the service. He is the same man who will go under this plan in 1949 and pay in for a period of 45 years on a salary of $250 per month will find when he reaches the age of 65 that under this plan he can draw only $85 per month, while if that same fund had been placed in the hands of some insurance company or had been placed in the hands of any person who has invested it at 3 percent interest, and the 3 percent interest had accumulated until he had arrived the age of 65 years instead of getting $85 a month he would get a little more than $172 per month.

When we promise him a bonus we are courting the future. We are courting the future.
Mr. President, I suggest that there is a serious question, which we ought to consider before we pass on this difficult problem.

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

Mr. HASTINGS. I yield.

Mr. KING. I ask the Senator a question for information. In the figures which he has been presenting to us he has taken into account the fact that the payments which are made in a certain time shall become as well as be; is employer? Assume that there was no payment made by the employer, but only by the employee, is not the amount which would be received under the bill considered with the amount which he would pay? The Senator has been debating it upon the theory that it is the equivalent of the employee paying the cost of the law, whereas I should consider it the true state of the case.

Mr. KING. Annual appropriations shall be the amount of money collected from the employer and the employee: but does any one doubt that such a demand would have been made, or give him credit for 2 percent contributed by his employer, if that is all that he would receive under the bill? I think that the discriminations here are so serious that we ought not to pass much of this measure at once; I think they are so serious that we might well consider this question when we pass this bill, and ask whether we may take care of the older people.

Mr. HASTINGS. Of course, all the figures I have mentioned are based upon the proposition that the employer should be entitled only to the benefits which would come from his payments, what then would be the result?

Mr. HASTINGS. Suppose that the Senator should base his computation upon the proposition that the employee should be entitled to the benefits which would come from the payments of the government, what would be the result?

Mr. KING. I desire to call attention to certain figures which are presented in the bill. I desire to call attention to certain figures which are presented in the bill. I desire to call attention to certain figures which are presented in the bill.

In column 8 is given a figure that shows what it will cost if we adopt title II, and in column 7 that without title II. I think the discriminations here are so serious that we ought not to pass much of this measure at once; I think they are so serious that we might well consider this question when we pass this bill, and ask whether we may take care of the older people.

I think that one of the finest things that could come to this country would be a combination annuity plan under which the employer and the employee would have the benefit as that. Does anyone doubt that such a demand would have been made, or give him credit for 2 percent contributed by his employer, if that is all that he would receive under the bill? I think that the discriminations here are so serious that we ought not to pass much of this measure at once; I think they are so serious that we might well consider this question when we pass this bill, and ask whether we may take care of the older people.

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are two estimates of those figures. To the first there is a note attached to column 3 which reads as follows:

**Basis of Estimate:** Securitization, assuming (1) old-age-benefit plan similar to that in title II in effect; (2) dependency ratio of 15 percent to be increased to 20 percent in 1937.

And so forth. The total under that plan is $36,433,000,000. So assuming these figures to be correct, we should save something like twelve and a half billion dollars during the period of 43 years by taking title II.

Under basis B, column 9, that figure is cut down to $12,072,000,000. Basis B is the estimate of the staff of the Committee on Economic Security.

So we have the consulting actuaries showing a figure of $28,520,000,000, while the staff estimate is $12,072,000,000.

Now, Mr. President, I wish to show in that connection that if we should adopt this plan that would not be the only cost. In column 12 will be found the taxes collected for this purpose, showing the figures for the various years. The total taxes are $78,373,000,000.

I call attention also to column 14, showing that the necessary interest to keep this fund intact is $31,749,000,000. If we add the tax of $78,373,000,000 plus the $31,749,000,000 of interest, we have a sum it can hardly be conceived the American people will be able to pay.

It may be said that it is not fair to use the interest item, but I invite attention to the fact that the tax which we have to pay to the employer and the employee is money that is being laid out by them, and therefore, if it were not being laid out in this direction, it would earn for them at least 3 percent interest; so that if the actual cost to the people of the United States, to the employers and to the employees of the Federal Government is $78,373,000,000, plus the nearly $32,000,000,000 of interest, and then we add to that the $26,553,000,000, we have a huge sum.

Mr. President, I made some calculations of what the cost would be. I should like to invite the attention of the Senate to the figures of the consulting actuaries of $26,553,000,000, and add the tax of $78,373,000,000 plus the $31,749,000,000 of interest, we have a sum it can hardly be conceived the American people will be able to pay.

The answer is that it is not fair to use the interest item, but I invite attention to the fact that the tax which we have to pay to the employer and the employee is money that is being laid out by them, and therefore, if it were not being laid out in this direction, it would earn for them at least 3 percent interest; so that if the actual cost to the people of the United States, to the employers and to the employees of the Federal Government is $78,373,000,000, plus the nearly $32,000,000,000 of interest, and then we add to that the $26,553,000,000, we have a huge sum.

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Mr. HASTINGS. No, Mr. President. In the committee the distinguished Senator from Georgia [Mr. George] and many other Senators, largely on the Democratic side, urged that we should not make up any undue amount in this matter of annuity pensions at this time, but that we should wait; that we should separate the subject of annuity pensions from this bill, and take a little more time to study it, and see if we could not work out a plan which would be agreeable to most, if not all, the Members of Congress.

I am not prepared at this time to say that I should vote for any of these plans, because I have not made up my mind that the Congress has authority to force upon anybody an annuity system of any kind. As I say, I am in general sympathy with the scheme. I think of all things that can be done for a young person, the most important, is to have him begin to pay into some kind of a fund that will take care of him in his old age, but to have the Congress of the United States force him to make such payments is so entirely new, and so different from my philosophy of what the Congress has a right to do, that I am not for the moment prepared to approve any plan of that character.

Mr. WAGNER. Of course, whether or not we ought to do that in this comprehensive way is an entirely different question. I think the Senator will agree, because of our experience during the past 50 years, that the only way we can ever help the working people of our country, the wage earners and others of low income, assurance against destitution in old age is by some plan which will be of universal application. The Senator knows we have tried the voluntary idea for half a century. Yet at this late date, out of all the working people of the country, there are only 2,000,000 of them who are under voluntary systems. Certainly we must do something for the rest of them sooner or later.

Mr. HASTINGS. Is it not more than 2,000,000?

Mr. WAGNER. Two million. outside of the railway employees—and even they are subjected to the uncertainty that their voluntary systems will be curtailed without notice. Furthermore, statistics show that only 4 percent of the small group of retired workers who have been under voluntary pension systems are actually drawing benefits. If we genuinely wish to help provide against destitution in old age, there is no way to do it except by some plan which will be of universal application.

Mr. HASTINGS. Mr. President, of course, I know how much interested the Senator from New York has been in this subject for a long while, and I know how very much it appeals to the average citizen to advocate some legislation which will take care of people in their old age. Mr. President: I have taken only a few moments more. I merely desired to call attention to the great interest the people have in unemployment assurance. I think people generally have reached the conclusion that perhaps we can make some progress by having some kind of unemployment assurance. It has been insisted that the only way in which that can be accomplished is by congressional action, and the scheme and plan contained in title III is the result of that suggestion.

I may call attention to the fact that what we are here endeavoring to do—and I may emphasize that it is different from what we have a right to do under the Constitution of the United States—is to say to the people of a State, "We are going to tax the employers of your State at the rate of 3 percent annually. We are going to give them credit for 90 percent of that tax if they can show to the Federal Government that they have paid in under some State law a sum of money to meet unemployment matters and have spent it under the rules and regulations which have been approved by the Federal Government. If they do that they may get credit for 90 percent of the amount they have paid for that purpose. Otherwise, we will take the 100 percent and add it to the funds in the Federal Treasury."

Such proposal as that ever made before in any Congress or to a free people anywhere in a democratic form of Government such as our own? What have we to do with
what a State does in the matter of taking care of employees in the State when they are out of work? It is replied that when the State cannot do it the Federal Government is compelled to do it, and that that is the necessary excuse. That is not a sufficient excuse. It is a sufficient excuse for us to want to do something, but it does not give us the legal right to force any such plan as that upon the States of this Union.

The Supreme Court has repeatedly said that Congress cannot force upon a State by taxation, or by regulating commerce or what not, something which the Congress thinks a State ought to do for itself. It undoubtedly cannot do it. But that is exactly what we are asked to do under this measure.

There is one reason for it, and it is a very good reason. Unless we can force this upon all the States by punishing them upon their failure to adopt the plan by imposing a tax upon employers within their borders it will be found that the various industries in one State which provides for the tax cannot compete with those in some other State which does not impose the tax, which, by the way, is a further demonstration that all this tax is passed on to the consumer. That is a reasonable excuse for this legislation. But it seems to me the sooner we realize the limitations upon our own powers, the sooner we realize that there are still existing 48 independent States in the Union which have a right to control their internal affairs, the sooner we will get away from this kind of legislation and this kind of trouble for the Congress.

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

Mr. HASTINGS. I yield.

Mr. BORAH. I desire to ask the Senator with regard to the old-age pensions for those who are now 65 years of age. As I understand the plan, the Government would make an allowance of $15 per person to be matched against $15 by the State.

Mr. HASTINGS. Is the Senator speaking of title II or of title I? There are two titles which relate to old-age pensions. One is the provision whereby the Federal Government would contribute $15 if the States contributed $15.

Mr. BORAH. That is the one to which I have reference, that is, in regard to people who are now 65 years of age.

Mr. HASTINGS. Yes.

Mr. BORAH. And who have no opportunity to share in the contribution which will be made in the future.

Mr. HASTINGS. That is correct.

Mr. BORAH. As I understand it, the Government would contribute $15, provided the State contributed $15. If the State did not contribute $15, or some amount, then there would be no contribution at all.

Mr. HASTINGS. That is correct.

Mr. BORAH. In other words, there will be no contribution except as it depends upon the contribution made by the State.

Mr. HASTINGS. That is correct.

Mr. BORAH. And at the utmost, if the State contributes in full, the contribution will be only $30 per person.

Mr. HASTINGS. That is correct.

Mr. BORAH. Is the Senator advised as to how many States are now contributing as much as $15 for old-age pensions, how many States have laws providing for such an amount?

Mr. HASTINGS. I think it is something like 33. The figure is stated somewhere in the Record.

Mr. WAGNER. Mr. President, if I may volunteer the Information, 35 States have enacted old-age-pension laws under which they contribute toward the support of dependent old persons, and different ages are provided for; in some States 70 years, in others 65. I think there are but two or three States which contribute more than $15 a month, and the majority of the States now, I think, are contributing less than $15 a month.

Mr. BORAH. In other words, in that condition of affairs, there would be no allowance for old-aged persons in those States at all?

Mr. WAGNER. I did not catch the question.

Mr. BORAH. Where a State made no allowance, then the allowance made by the National Government would not be available?

Mr. WAGNER. That is correct.

Mr. BORAH. As a practical proposition, then, this measure does not really make any provision at all for a very large number of old-aged people.

Mr. WAGNER. Of course, it has always been regarded as an obligation of the States to take care of the old people in the States. This is the first time it has ever been proposed that the Federal Government aid the States in taking care of old people, and to that extent it is a new venture by the Federal Government.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. CONNALLY. I may say to the Senator from Idaho that the theory is that the other States will come into the plan when there is a Federal law. Of course, if a State has no old-age-pension system, the Federal Government cannot contribute toward maintaining the old people in that State. Mr. BORAH. I understand that perfectly; nevertheless, the fact is that no provision is being made for a very large number of old-aged people as the laws stand in the States now.

Mr. WAGNER. Perhaps adequate provision is not made. Thirty-five States are attempting to meet the obligations by taking care of old-aged dependents; some at the age of 65 and others at the age of 70, but in recent years, because of the depression, the amounts which the States have contributed have been somewhat reduced. The obligation to take care of the old people has always been regarded as an obligation of the States, themselves, and the Federal Government, recognizing that they have had difficulties in raising the money, due to the depression, is for the first time in our history proposing to match the State contributions toward taking care of old people. So it is a step forward, and we are hopeful, of course, as the Senator from Texas has said, that the States which have not inaugurated systems for taking care of the old will enact legislation so as to get the benefit of the Federal contribution.

If I may, speaking to the Senator in terms of actual amounts spent, there is now being spent by the States for this purpose a little less than $40,000,000.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. CONNALLY. As an instance, my State has no old-age-pension system, but I think this year the people are voting on a constitutional amendment providing for such a system, and I anticipate that other States will follow through with this measure shall become a law. The Senator from Idaho is correct in assuming that for the immediate present there will be a large number of old-aged persons who will not receive any grant out of the Treasury.

Mr. BORAH. Undoubtedly there are a number of States which are not prepared financially to take care of old-age pensions at this time. There are States which the National Government is assisting in carrying their burdens, with reference to relief, and so forth.

Mr. WAGNER. Yes; they are.

Mr. BORAH. It seems to me we ought to take into consideration the fact that, so far as the people who are now 65 years of age are concerned, this measure is not and should not be regarded wholly as a pension proposition. These old people, at the end of 4 or 5 years of depression, with all means exhausted, are in a condition where they must be relaid out of, and to make a new start, some at the age of 65 and others at the age of 70. The measure, then, does not impose the tax, which, by the way, is a further demonstration that all this tax is passed on to the consumer. That is a reasonable excuse for this legislation. But it seems to me the sooner we realize the limitations upon our own powers, the sooner we realize that there are still existing 48 independent States in the Union which have a right to control their internal affairs, the sooner we will get away from this kind of legislation and this kind of trouble for the Congress.

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Mr. BORAH. In other words, in that condition of affairs, there would be no allowance for old-aged persons in those States at all?
Mr. BORAH. I am addressing myself to the Senator for that reason.

Mr. WAGNER. In the first place, the Senator from Louisiana says that these people are upon charity. But the States which have enacted pension laws and called them pension laws do not want to regard these old people as being subjects of charity. Perhaps in a technical sense they are. But they give citizenship of the State who in their days of age have met with adversity, and the State has assumed the obligation of taking care of them because of their claim upon the State to which they have contributed their great contributions by creating wealth in their prime.

We do not call this charity in New York, nor do they do so in any of the other States. We have to rely upon the States to ascertain who these people are who require aid, and the 32 States which have enacted pension laws have the machinery with which to ascertain this fact. As fast as the States come to the conclusion that there are more who need this help the Federal Government will certainly increase its assistance in proportion.

I know of no method by which the Federal Government can go around the country to ascertain where these people are. We must rely upon the State machinery.

We are now saying to the States, "You have the machinery. By passing your laws you have said in a definite manner that you regard it as an obligation to take care of these people without throwing them into the poorhouse; and insofar as you assume that obligation, we will give you a dollar for every dollar that you spend.

I think that is going to be an incentive throughout the country to take better care of them. It has been suggested that some of the States, who now contribute over $15 per month to the dependent old, will reduce their contributions to the $15 level that is to be matched by Federal contributions. I cannot believe that any State will be so ungenerous as that, and I think that whatever the Federal Government gives will be added to that which the States are already doing for their aged people.

Mr. BORAH. President, of course the State has the machinery, and of course the State can ascertain the number of persons who are entitled to relief, but the State does not have the money.

Mr. WAGNER. The States have been making contributions.

Mr. BORAH. We know perfectly well that we are aiding States to take care of their educational systems and their teachers, and everything else; and we know that under those circumstances they do not have the means to take care of these old people. These old people are people who have made those States, in a large measure. Out through the Northwest they are the pioneers, they are the men and women who built those Commonwealths, and because the State is not able to take care of them they must now go to a county farm. If we are going into this thing at all, if the National Government is going to do anything about it, let the National Government make a provision which will take care of these old people during this depression, and not be bound by the theory of a permanent scheme of national security.

Mr. WAGNER. President, I say to the Senator that, so far as the emergency period is concerned, the Federal Government has been helping all of the States to take care of their old people. It will continue to do so. But this bill provides a permanent plan in addition to what we have been doing during the emergency period.

I hope that the time will come soon when we shall give those people even more. However, there is nothing in this bill to prevent the States from taking care of their dependent old persons as well as they can. I have not heard the complaint from many States that they are not able to carry the load.

Mr. BORAH. Neither the States nor the National Government is generous when it stops at $20, when both pay to make up that amount, so far as that is concerned.

Mr. RUSSELL rose.
Mr. BORAH. Did the Senator from Georgia wish to ask a question?

Mr. RUSSELL. In line with the suggestion of the Senator from Idaho that many of the States are unable at this time to contribute to the old-age-pension fund, I will say that the State which I have the honor in part to represent, under its constitution cannot levy taxes for this purpose. The purposes for which taxes may be levied in the State of Georgia are enumerated in the constitution, and the payment of the old-age pension is not included therein. It will be necessary to amend the constitution, and that cannot be done until the next general election, so the people may pass upon it. But as the Federal Government is now turning back to the States and the counties all of the unemployed in the State, the old people who are unable to work, and the ones most deserving, as indicated by the Senator from Idaho, the State is absolutely powerless to levy a tax to raise funds for paying these people any pension whatever.

Therefore, the people in my State will be taxed in part for over something like 7 years to provide these funds for old-age pensions, and until the State constitution is amended cannot secure a single cent from the Federal Treasury to supplement the State funds, for the State funds cannot be provided.

I have prepared an amendment which I propose to offer at the proper time, which will require for a period of 7 years from this time this act goes into effect that the Federal Government will make this contribution of $15 without regard to any action on the part of the States.

Mr. BORAH. Let us not confine it to $15. That is just slow death.

Mr. RUSSELL. I shall be glad in joining the Senator from Idaho in making it a larger sum, but I should "ve to have something done so that the people will not starve when the State is powerless to help them. I should like to have contributed to my State as much as the amount of relief contributed by the Federal Government to the other States.

Mr. WAGNER. I wonder if the Senator is not referring to the Governor of his State, who has been criticizing whatever appropriations we have made here to help the unfortunate in his State.

Mr. RUSSELL. The views of the Governor of the State on old-age pensions does not reflect the views of the people of his State.

Mr. WAGNER. I am glad to hear the Senator say that.

Mr. RUSSELL. As a matter of fact, at its last session the general assembly voted for a constitutional amendment providing for old-age pensions. The bill passed the house of representatives by a vote of 165 to 1. The bill also passed through the senate with the required two-thirds majority. The Governor undertook to veto the proposed constitutional amendment. That will have to be fought out in the State courts to see if the matter is to be submitted to the people at the next election. Regardless of the outcome of the matter, the people of the State could not avail themselves of the benefits of this measure before 1937, following the election of 1936, when the legislature meets again.

Mr. BORAH. I am not interested in local politics in this situation.

Mr. RUSSELL. Neither am I interested in local politics, and I did not inactivate that question. But I am tremendously interested in seeing that the aged and afflicted and those powerless to assist themselves in my State are given the same benefits as other States and the people of other States under the terms of this bill. They should not be penalized. Because of the constitutional inhibition, the State is powerless, and has not been for constitutional purposes the general assembly might have passed the bill the veto, of the Governor, but it was necessary to amend the constitution. The legislature did all that was in their power to do.

Mr. BORAH. The question of centralization of power does not arise, because there is just as much centralization of power in contributing $15 as there is in contributing $30. We have undertaken to do that; that is now in the bill. So the only question here for discussion is whether we are taking care of the situation in dollars and cents. There is no question of constitutional authority so far as this particular point is concerned, because that is covered by the fact that we have already provided for $15; and the question that I am now raising is, assuming that we are going to help, assuming that the National Government is going to take part in this matter, and assuming that the National Government is going to assist the States, the question is, Are we going to assist them sufficiently to enable the old people to live? That is the only question here. I do not think it takes care of them. I ask the able Senator from New York and the able Senator from Missouri, who is in charge of this bill, and other Senators, who, as I know, are in full sympathy with this proposition, Are we going to be satisfied to allow only $15 a month, with the uncertainty as to whether the States will put up anything, and, therefore, have nothing come of it, or are we going to make a provision which will guarantee these old people at least a sufficient amount to keep them from actually dying of starvation or neglect?

Mr. WAGNER. I may say to the Senator that he is not accurate in saying that the States will not make any contributions, and that therefore the old people will receive nothing. As I tried to emphasize previously, there are 33 States that are already contributing.

Mr. BORAH. I am referring to the States that do not. In those 10 States we will have no help for them whatever.

Mr. WAGNER. I will repeat what I have before said, that I made inquiry as to all that, and I ascertained that in all the States during this emergency period the Federal Government has been granting relief to take care of old people. How much they are receiving I am not able to say, but the Federal Government has not abandoned them entirely, even in those cases where the State has been unable to do anything at all.

Mr. BORAH. I am advised that the Federal Government has notified the local authorities that they must take care of a certain class of people, including the old people, and that, under the program which has been worked out during the last few months, these people are now dependent upon the States, and they are going back to the county farm or to the poorhouse and to similar places in order that they may be taken care of.

If these were normal times, and if the States were in a normal condition, if they were in a position to raise the money, I would feel entirely different about it; I would feel that they ought to do it; but when we ourselves are contributing for such things as educational purposes, slum clearance, and so forth, that I know the States are not in a position to do their local work. We have already crossed that bridge; we have already passed over the proposition that we are going to help them. Now the question is, Are we going to help them sufficiently?

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. No, Mr. President—

Mr. LONG. Mr. President, I desire to offer the amendment which I sent to the desk earlier today, and I ask the clerk to read it.

The PRESIDING OFFICER. The amendment will be read first.

The CHIEF CLERK. It is proposed by Mr. Lodge to amend the bill as follows: First. On page 2, lines 2 and 4, after the word "assistance," strike out the comma and the following words: "as far as practicable under the conditions in such State.

Second. On page 2, line 4, leave out the words "with such increments," and insert in lieu thereof the words "$3,000,000,000.

Fourth. Beginning with line 15 on page 2, strike out all the balance of page 2, and all of pages 3, 4, 5, and 6, down to and including line 14 on page 7, and insert in lieu thereof the following:

SEC. 2. From the sums appropriated therefor the Secretary of the Treasury shall pay to each State for each quarter, beginning
 Eighteenth. Beginning on page 52, line 8, strike out all of title IX.

The PRESIDING OFFICER. The Chair is not certain whether the Senator from Louisiana is in order in speaking on his amendment or in speaking on a point of order that under the agreement to consider committee amendments first, title XI, which is the committee amendment, has not yet been disposed of. The Chair wonders what the Senator from Mississippi desires to do in that connection.

Mr. HARRISON. I have no objection to considering the amendments as a whole so we may get them out of the way. I ask unanimous consent that they may be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BORAH. Does considering them as a whole, or en bloc, mean that the amendments are not subject to amendment?

Mr. LONG. They are subject to amendment, of course; but it means they will all be considered as one amendment.

As a matter of fact, it is the same principle throughout.

Mr. President, I shall show what is proposed by the present bill is an impossibility, impossible in any respect either on the law or on the facts. I shall show that what I am proposing is feasible, practicable, constitutional, and workable.

In the first place, the Senator from Idaho (Mr. BORAH) made a statement to which I wish to refer for just a moment. If we are going to provide an old-age pension, then let us provide a sum sufficient to pay old-age pensions. I do not agree that the pension should start at age 65, nor was that the position of the President of the United States. He thought it ought to begin at 60, and everyone else I ever heard of has always said 60 years would be the age at which to start payment of a pension. I never heard of it being placed at 65 years of age until the bill came before us.

Mr. WAGNER. Mr. President.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. WAGNER. Most of the State laws which I have examined provide for a pension beginning at the age of 70.

Mr. LONG. I have tried to explain to my friend from New York that while they may be called "pension" laws, yet they are "pauper" laws.

Mr. WAGNER. The States do not agree with the Senator.

Mr. LONG. But the dictionary goes. I hate to refer to any man as a pauper, but the facts are, if I may be permitted to have the attention of Senators, that if we have a law which requires a man to prove himself to be destitute and needy before he can get any allowance, we compel him to admit or, indeed, to claim that he is a pauper. It is not a pension law. We pension the judges of the courts for the services which they previously rendered, whether they have any money or not. We pension soldiers of the Spanish-American and Civil Wars whether they have any money or not. That is a pension. But when we provide by law that a man must prove himself to be destitute or to be needy before he can get any money, and only that man is permitted to get any money under the law, then it becomes only a pauper law.

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

Mr. LONG. I yield.

Mr. WAGNER. I am anxious to understand clearly the Senator's amendment. The Senator would take those over 60 years of age.

Mr. LONG. No. If the Senator will listen he will get it all straight in a minute. The Senator from New York will not listen to me as long as I have listened to him if he insists on everything I say. I am satisfied, too, that he will not get as much good as I do.
Mr. President, there are 10,835,120 persons over the age of 60 in the United States. I need only refer to Government compilations and the statement of the Senator from New York. Of this number there are 96 percent whose earning capacity is below that which enables them to live on a normal subsistence basis. In other words, 96 percent of our entire population earn less than a subsistence wage of this kind. That is one thing on which we cannot and will not snail give the Senator better figures than that. I shall give some figures which have been published by life-insurance companies. The only one I have now are on pensions which I clipped out of an Insurance publication. This reads:

What happens to the average man of 25 upon reaching the age of 65? One will be well. Four will be well to do and able to support their families in comfort. Thirty-five will have to go into a life-insurance company and they said they would be able to send the entire statistics in a short time. I read this again. Only one will be wealthy. Four will be just able to live to old age and will have to work. Sixty-five will be dependent upon friends or charities for comfort and will have either a physical impossibility in one direction or an impracticability in another direction, because you have to curb some of the expenses you were pressing forward in order that you may match the Federal funds.

I doubt if any of the Western States, probably outside of California, could make this payment. I do know that the Southern States could make this payment if there is a reasonable pension paid. My State, the State of Louisiana, is in a little bit better shape than the average Southern State, as I said the other day, because of natural resources which we have. We have there, as is well known, probably the richest oil and gas deposits, and various and sundry ores that are found in our State, which make it possible for Louisiana to bear burdens which other States cannot bear. But if the State of Louisiana today was called upon, according to the life-insurance companies' statistics, to put up $15 a month for every man over 60 years of age who is to some extent dependent upon the State to do it, then I know it is not possible for any other Southern State to do it.

We have only one process by which we can raise a sufficient amount of money to support a pension plan, a pension plan that is worth anything to the country, and that is by a capital levy tax.

So, therefore, I have proposed a substitute in these words: Instead of paying 60 cents a month, as the payment would be, to everybody 60 years of age and over who needs a pension, I propose to pay around $30 to $35 a month to those who should have a pension. Instead of requiring a State to put up $15 a month, I propose that the Federal Government shall pay from $30 to $35 a month. If a State government is not able to put up anything, that will not deprive a man or woman of getting his pension and if a State government is able to put up an adequate amount, the State, if it can do so, may augment the Federal contribution and give more than $30 to $35 a month pension to people more than 60 years of age.

As an example, I state as a conservative statement that more than one-half the States in the Union have proved that they cannot pay any substantial sum whatever as a pension. Why? Because they are having to rely upon the charity of the Federal Government to keep their schools open. They are having to rely upon the Federal Government for unemployment relief. They are having to rely upon the Federal Government for the most ordinary kind of revenue to support the State government. It is not at all a question of making the State government over the Federal Treasury to get relief! We might as well say that they have to continue caring for the blind, the deaf, the dumb, the insane, the crippled, and those who are in the public hospitals. School facilities and things of that kind would have to be curbed if that were done, because there is practically no State in America which is operating within its budget at the present time.

Therefore, I say to a State, "We are willing to give you Federal help for an old age pension provided you match that help," we are willing to do that. You have either a physical impossibility in one direction or an impracticability in another direction, because you have to curb some of the expenses you were pressing forward in order that you may match the Federal funds.

I doubt if any of the Western States, probably outside of California, could make this payment. I do know that the Southern States could make this payment if there is a reasonable pension paid. My State, the State of Louisiana, is in a little bit better shape than the average Southern State, as I said the other day, because of natural resources which we have. We have there, as is well known, probably the world's greatest supply of sulphur and salt. We likewise have oil and gas deposits, and various and sundry ores that are found in our State, which make it possible for Louisiana to bear burdens which other States cannot bear. But if the State of Louisiana today was called upon, according to the life-insurance companies' statistics, to put up $15 a month for every man over 60 years of age who are not able to work, that will not deprive a man of getting his pension and if a State government is able to put up an adequate amount, the State, if it can do so, may augment the Federal contribution and give more than $30 to $35 a month pension to people more than 60 years of age.

I have advocated raising income taxes, but that will not help us. We are the same as saying to the State, "You have one process by which we can raise a sufficient amount of money to support a pension plan, a pension plan that is worth anything to the country, and that is by a capital levy tax."
Mr. President, I desire to make this further correction in
the bill: I wish to speak of the unemployment feature, and
ask the Senator to consider what I am saying as a whole.

In the unemployment feature there is donated a sum of
about $42,000,000, perhaps $40,000,000—or do not state
what the figures are: I could run through the bill and get them—but,
at any rate, there is some small sum appropriated by the
Federal Government for unemployment relief. Why, Mr. President, if this is going to be an unemployment bill at all, what good is it going to do to appropriate $45,000,-
000 to take care of unemployment when we are already
appropriating $5,000,000,000 to take care of unemployment
for the year 1935 and 1936? If we are having to appropri-
ate a billion, two billion, three billion, four billion, up to
five billion, and perhaps $6,000,000,000 for the purpose
of taking care of unemployment in the year 1935 and part of
the year 1936 that assumed we have that forty-nine or fifty
million dollars or $24,000,000 is going to be sufficient
for that purpose in 1935?

I propose that the States shall not have to match that
money. We propose in the bill which has been submitted by the
finance Committee, known as the "administration bill", that a State shall get Federal unemployment money provided the State matches it dollar for dollar. The State cannot match it dollar for dollar now. The State never
will be able to match it dollar for dollar. The State has not
the taxing resources upon which it can depend to raise any
amount of money as that. Therefore, unemployment
relief must of necessity be enjoyed, so far as concerns the
assistance of the Government, by a relatively small number
of the people who are entitled to it.

The next amendment which I propose is one which would
take out of the hands of federal bureaus the power arbi-
trarily and for their own, purposes to cut off a State from
old-age pension relief, or from unemployment relief, or from
dependent-children aid and relief. By the bill which is
now presented here, whenever the Federal bureau set-
up here in Washington find in their minds sufficient reason
as to why a State should not be allowed to have any more
pension aid, or any more unemployment aid, or any other
aid of that kind or character, all they have to do is to
notify the State that they consider that it has breached
the Federal agreement. The bill at present, as submitted by
Congress, and thereupon, in a few minutes, they cut them off the list
and decline to send them any money at all.

As it is now proposed to the Senator, that leaves it within the sole Jurisdiction of that particular bureau to
do whatever it wishes to do. I add to this provision a further clause, that whenever any board handling unem-
ployment-relief funds, handling dependent-aid-for-children
funds, or handling old-age-pension funds decided that a
State ought to be cut off from any further relief the State
shall have a right to take the case into court, and if the
board is acting arbitrarily or unreasonably or without right,
the State shall have a right to contest and annual the sus-
pension order which prevents the State from having the
relief.

Gentlemen of the Senate, that is not an unreasonable
thing. That is a very much needed thing. Regardless of
whether the Democratic Party or the Republican Party is in
power, the time will come, as it always has come, when arbi-
trarily and on the basis of a political and a state basis, is all set up by
lawful processes of the courts. Otherwise we shall have an
arbitrary rule which will become the standard, instead of a
reasonable and a right rule.

I now come to page 44 of the bill. I propose to strike out
titles VIII and IX. Titles VIII and IX of the bill prescribe
the revenue which is to be raised in order to carry out unem-
ployment relief, I desire to refer to those provisions briefly.
I turn over to page 44 of the bill, and I find that a very
unusual set of taxes is proposed. The bill proposes to tax those who are employed, and also
in addition to the other provisions that require the State to
levy taxes, provides for the levying of certain taxes by the
Federal Government. Bear in mind that in order for the
State government to contribute its part to this Federal relief
program, the State government has to levy a tax for every
one of these things. The State has to find some new sort of
a State tax, because there is no State today which has the
revenues that would be required to carry out the purposes of
this bill any more than those purposes are now being carried
out by the States. The State will have to raise additional
revenue. Therefore there are two forms of taxes. First, the
State must provide a tax for all that is in addition to what
it is now raising in the few States that now make provision
for paupers. I mean by that, today I understand the States
are raising $49,000,000.

If they provide any more money than $49,000,000—which,
as I have previously proved, is an infinitesimal sum—if they
provide any money at all for unemployment, if they provide
for dependent aid for children, or any of these things for
which provision is made, the States will have to levy a tax
with which to do it. The State of Louisiana must levy a
tax; the State of Arkansas must levy a tax; the State of
Mississippi must levy a tax; the State of South Carolina
must levy a tax; the State of North Carolina must levy a
tax; the State of Iowa must levy a tax. Every one of the
48 States of the American Union will have to levy a tax
inside its borders in order to make the necessary contribu-
tion to the Federal relief program in order to get any money
at all out of the Federal plan.

If the States are not only unable to levy any taxes for
that purpose but if they are not even able to levy enough
taxes to support their schools, if they are not able to levy
enough taxes to support their hospitals, if they are not now
able to levy enough taxes to take care of their own domestic
affairs as they are now being handled, and if every one of the
States, or nearly every one of them, is living at a rate
that does not even provide for a balanced budget, then
the States are piling up deficit after deficit at the present
time in caring for things now committed to them, how can
we expect the States of the American Union to levy any
more taxes, and upon whom are they to levy these taxes?

Mr. TYDINGS. Mr. President.

Mr. TYDINGS. The PRESIDING OFFICER (Mr. SCHWENKEL.) in the
chair). Does the Senator from Louisiana yield to the Sen-
ator from Maryland?

Mr. LONG. I yield.

Mr. TYDINGS. I should like to ask this Senator from the
State of Louisiana what will be the annual cost of administer-
ing this fund under the Senator's plan?

Mr. LONG. The whole plan.

Mr. TYDINGS. Yes; how many billions a year would
it cost?

Mr. LONG. Somewhere near six billion.

Mr. TYDINGS. Six billion a year.

Mr. LONG. Yes.

Mr. TYDINGS. That would be in addition, of course, to
the regular expenses of the Government as we now have
them?

Mr. LONG. No; I would judge this would eliminate about
all of the present relief expenditures.

Mr. TYDINGS. I do not include the emergency funds.

Mr. LONG. That means, then, that the Federal Gover-
ment alone would take the equivalent of one-fifth, or 20
percent, of all the earnings of everybody in the country
spreading it pro rata first of all, for the purpose of the
illustration. Is that correct?

Mr. LONG. It would be as much as that; but it does
not take the earnings, of course.
Mr. TYDINGS. I understand. The Senator’s plan is, instead of raising the money in the present manner, to raise it by inheritance taxes or by a capital levy?

Mr. LONG. A capital levy.

Mr. TYDINGS. What I am interested in at this point is ascertaining whether the Senator has figures to show how long it would be if we make a capital levy, and then another year made a capital levy, and then another year make another capital, before we get to the higher brackets, which, under the impulse of the plan as originally put out, would pay a considerable amount, would be diminished.

Mr. LONG. They would be diminished.

Mr. TYDINGS. At what point would the larger fortunes of the country be stabilized? Mr. LONG. I should say in about 8 years.

Mr. TYDINGS. What would be the maximum amount of money any person would be able to have, under the Senator’s plan?

Mr. LONG. About two and a half million dollars.

Mr. TYDINGS. After we get down to two and a half million dollars, which is the outside amount, one individual might have—

Mr. LONG. After about 8 years, I should say.

Mr. TYDINGS. What amount of taxes would have to be levied on the two and a half million dollars in order to raise the nine to ten billion dollars a year necessary to operate the Federal Government?

Mr. LONG. In the words of the Lord, we would not have to raise any.

Mr. TYDINGS. I can see how the Senator’s plan would work the first 2 or 3 years; he has already anticipated my question by agreeing that the larger fortunes would be diminished.

Mr. LONG. That is right.

Mr. TYDINGS. Now I am trying to find out how the plan would work after the larger fortunes had diminished.

Mr. LONG. I shall be glad to come to that now. I had intended to come to it later, but since the Senator has raised the question, I will explain it right now.

Mr. TYDINGS. I do not wish to interrupt the Senator.

Mr. LONG. I shall be glad to explain it right now.

Mr. TYDINGS. The question arose in my mind from the fact that we do not see how some of the States, as the Senator himself has pointed out, can raise the same amount necessary to make the proposed plan effective.

Mr. LONG. They cannot.

Mr. TYDINGS. In many of the States already the Federal Government is really carrying a large part of the load. That is right.

Mr. TYDINGS. The government of the States to put the responsibility that the larger fortunes would have this money any person would be able to have under the Senator’s plan?

Mr. LONG. That is right.

Mr. TYDINGS. It is not possible to do this. Mr. President, will the Senator yield to the Senator’s question as a whole. To begin with, the United States Government would take in at the first drop of the hat somewhere between one hundred and one hundred and sixty-five billion dollars in wealth, not all cash, because there is not that much cash in the world, but from one hundred to one hundred and sixty-five billion dollars of wealth based on the normal $421,000,000,000 of national value for a normal year. That would mean that for a number of years the United States would be peaceably, regularly, and in an orderly manner conducting such sales, distributions, and arrangements as I propose to outline and to include in an amendment to be proposed to title IX.

But, as the Senator from Maryland said, after the time when we had whittled down the big fortunes to a maximum of two and one-half billion dollars, what then, says the Senator, would we do for money for social relief? Where would we find the hundred millionaires to tax, after 10 years, we will say? Where would we find the man who could contribute this money?

Mr. President, this is the answer to that: The beautiful thing about it is that we will cut down the size of the big fortunes, when we level down the 19 billionaires, and those with fortunes of five hundred million, and those with fortunes of one hundred million, and those with fortunes of ten million, so that the maximum fortune in this country would be from a million to $3,000,000,000, there will be practically no such thing as a social-relief program. We will have no such problem left, if we do it, as was said by the Pilgrim, as was said by the Bible, as was said in every law upon which this country was supposed to have been founded. If we will cut down these rich men’s fortunes to the point where there will be only 600 people in the United States with buying capacity and allow $5,000,000 families to have buying capacity, then the social-relief problem will become nonexistent.

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

Mr. LONG. I yield.
Mr. TYDINGS. Let us take any one rich individual. I do not like to be personal, but it is necessary to have an illustration.

Mr. LONG. Take Rockefeller.

Mr. TYDINGS. Let us take Henry Ford.

Mr. LONG. Take Rockefeller. He is better as an illustration.

Mr. TYDINGS. Suppose we take Henry Ford, who is supposed to be a very wealthy man, and I suppose a great deal of his fortune is invested in an automobile manufacturing plant, and in things kindred thereto.

When we started the capital levy on Henry Ford, what would we get? We would certainly not get his money. Would the Government take over his plant, or take an interest in it, or acquire so much stock in it? And who would run the plant? Will the Senator explain?

Mr. LONG. I will take the case of Mr. Rockefeller, whom the Senator mentioned. (Laughter.)

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

Mr. LONG. I yield.

Mr. BARKLEY. The Senator has not used Henry Ford as an illustration time and again.

Mr. LONG. I know: that is why I am using Rockefeller now. I have used Ford, and the Senator from Maryland can read what I said, as the Senator from Kentucky, who is already wise about it, did.

I will use the case of Mr. Rockefeller because it is a much better illustration. Let us say that Mr. Rockefeller has a fortune of $10,000,000,000. Let us put it at the outside figure, $10,000,000,000; and it is that much. Rockefeller's fortune amounts to $10,000,000,000. The Mellon fortune was shown to be up in the billions. They claim it is in the hundreds millions, but it is in the billions, as better reports I have studied show.

Let us take Mr. Rockefeller's fortune at $10,000,000,000. Does it not have to be divided when he dies? It is said that we cannot redistribute the fortune of Rockefeller; but if Rockefeller dies, all of it has to be redistributed, and before we had the inheritance laws, such a fortune would have had to go back to the Government.

Remember inheritance is an artifice of the law. Under the common law there was no such thing as a man giving his children his property; it all went to the government. Inheritances were a means of artificial support granted by the law by which children inherited the fortunes of their parents. Under the common law, which survived for years before we had the inheritance laws, such a fortune would have had to be redistributed by the government. So this is nothing new.

Second, what would we do in this specific case? I have an amendment to offer, and I will explain what we would do. Let us assume that Mr. Rockefeller died. So much can go to one heir. So much can be retained by him as he signifies. Let us assume that Mr. Rockefeller dies, and he would naturally have to whittle down as the years went by.

Mr. TYDINGS. The Government would acquire not money, but property.

Mr. LONG. It would have to.

Mr. TYDINGS. What becomes of the property after the Government acquires it?

Mr. LONG. Mr. President, I will answer that. Now we have gotten back pretty well to the point. We have got only one more little place to go in this discussion. When the Government has acquired the property, the Government disposes of that property.

Mr. TYDINGS. If the Senator's answer is as I interpret it, namely, that the Government, in a period of 8 or 9 years, is to level all the big fortunes down to two and a half million dollars—suppose then the Government acquires this property. It will be property. It will not be money. It is going to sell it again. I wish to know who in the country is going to have enough money to buy it when the Government gets it and begins to sell it, when all the big fortunes of the country are to be taken away.

Mr. LONG. Mr. President, the Senator has not got his arithmetic right.

Mr. TYDINGS. Very well. I should like an answer to my question.

Mr. LONG. If people with large fortunes are permitted to retain two and a half million dollars, then a little over three-fifths of the fortunes are left intact. We still have three-fifths of the fortunes left intact. We are not going to sell this property all in the first year, nor in the second year, nor perhaps in the third year, but the Government will make such division and disposition of this property as is necessary to carry out the purposes of the law, the purposes of the Government, and the building up of the common man from the bottom. There are a dozen ways to do that.

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

Mr. LONG. I yield.

Mr. TYDINGS. I do not know the financial worth of any of the Members of the Senate; but there is not a man in this body, whatever his worth may be, who has that worth in money. The men who would retain two and a half million dollars' worth of property under the Senator's plan do not have their worth in money; they have it in property or in investments.

Mr. LONG. That is true.

Mr. TYDINGS. Therefore they could not buy what the Government was going to sell unless they first sold what they themselves had.

Mr. LONG. No, Mr. President; I would not have them sell.

I would have them give the Government of their property in kind.

Mr. TYDINGS. The Senator does not understand my question. I say, assuming that the Government has acquired this property through a capital levy, and begins to sell it, it must, perforce, sell it to the men who have, we will say, large fortunes.

Mr. LONG. No, no. Why? Are we not going to let anyone buy anything except the man who has over two and a half million dollars?

Mr. TYDINGS. Oh, no; but I am talking about the time when no man has more than two and a half million dollars.

Mr. LONG. Fine.

Mr. TYDINGS. I say, then, that when the Government assumes to sell these tremendous, big blocks of property—

Mr. LONG. Oh, no; they do not have to sell it in big blocks. We will whittle those things down a little.

Mr. TYDINGS. They acquire it in big blocks, and they acquire it in the form of securities or representation of property.

Mr. LONG. No, they acquire it in the form of securities or representation of property.

Mr. TYDINGS. So in order to buy what the Government must sell, as the Senator says, a man not having his fortune in the form of money must first sell what he has two and a half million dollars invested in, in order to get the money to pay for what the Government is selling.

Mr. LONG. Not necessarily.
Mr. TYDINGS. How can he pay for it then?
Mr. LONG. If the Senator will wait a moment I will explain that. If it were not for the Senator's own confusion, by reason of which he has been asking these questions, I should have answered it.

Mr. BONE. Mr. President, will the Senator yield?
Mr. LONG. Let me answer the Senator from Maryland. The point is, with the Senator would urge that we cannot redistribute wealth.

Mr. TYDINGS. No; I do not urge that.
Mr. LONG. Let me get through with the answer to the Senator's question. The Senator asked me a question and he does not permit me to answer.

Mr. TYDINGS. I do not wish to have the Senator from Louisiana put words in my mouth.
Mr. LONG. I beg the Senator's pardon. I did not intend to do that.

Mr. TYDINGS. I asked the Senator a simple question. How are these large property blocks to be purchased?
Mr. LONG. O. K.; I will come to that. I will come to that immediately. Then, when he has had another chance to think about it, I will come back and show the Senate the situation on basic principles.

To begin with, has not the Federal Government time after time issued currency against its own assets? Let us say for the sake of the argument that the United States Government finds a closed market—which it will not find. It will find a market far more expansive when we have put purchasing power into the hands of 24,000,000 families than it is now when there is a purchasing power in only 600 families.

You will find a far more expansive purchasing market for the goods and things of value in this country if you decrease the wealth than you find today when you only have 600 buying resources. But let us forget that.

Has not the United States Government always had the right, and does it not now, under the Federal land-bank laws, issue currency against assets, and does it not become circulating currency? Has not the United States Government taken bonds, has not the United States Government taken even the portfolio of banks, consisting of mortgages and notes, and issued currency? What is to keep the United States Government from issuing the same kind of circulating currency in order to effect the redistribution I suggest?

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

Mr. LONG. No, Mr. President, not at this moment. I wish to complete my answer to the Senator from Maryland. That is no, 2.

There is a third way of doing it. There is no trouble to make a diffusion of this property. There is a third way. I pointed out two ways, and I will point out a third. There is no particular harm in the United States Government. If it did not have these other two methods which I have mentioned.

Mr. TYDINGS, Mr. President, will the Senator yield?
Mr. LONG. Just a moment.

Mr. TYDINGS. Mr. President, we do not want to interrupt the Senator.
Mr. LONG. Wait till I get through with this point.

Mr. TYDINGS. I wish to point out that originally the United States Government was going to sell that property. Now he has abandoned that principle.

Mr. LONG. Oh, no!

Mr. TYDINGS. Now he says the Government is going to issue money against the property.

Mr. LONG. No; I did not say that. The Senator does not understand me. His eyes may be like mine—blind and see not. However, what I have said will repeat to the Senator. The point is, the Government, as I said, will understand the aid of the Government to the advantage of the Government and to its people. Into the hands other than the Government.

How would it make this distribution of $165,000,000,000 worth of property? It does not have to make it all the first day, or the first month, the first year, nor even the first 10 years. The Government must take an enlarged purchasing market to begin with, because property ownership and ownership of wealth have been decentralized. Here is a man who can enter into the grocery business. He can afford to buy a grocery store. Why? Because those terms, those conditions, those times are at an end when a large, $100,000,000 capital structure, which coordinates a chain-store enterprise squeezes everybody out of the grocery business except some man who is a peon under the chain-store system, whose times are up. Those things known as the "chain factories, the chain banks, and the chain enterprises" cannot thrive, and therefore renown in that service cannot thrive any longer. Those days are at an end. Therefore there is an enlarged market for purchasing, there is an enlarged market for thrift, there is an enlarged market for prosperity, and therefore with reasonable order and precision the United States Government would find a means for disposing of this property as enhanced values through a reasonable period of time to a better-equipped purchasing public. That is no. 1.

No. 2. Let us say, however, which has been signed July 1 of the Government intimates is the case, that there is a clog in the purchasing power. That being the case, the United States Government would want to do what it has done under the Federal Reserve bank laws and under the Federal land-bank laws. The United States Government would have the right to issue its own circulating currency based upon the property it owns, the same as it has done in the case of the Federal Reserve banks and the Federal land banks.

No. 3. There is a third process, and the Government can adopt one or all of these, or even a dozen more expedients. I now come to the third process. There is nothing to prevent the Government from making some disposition of this property in kind the same as my amendment proposes that taxes may be paid in kind. Those are the three main things.

The next point I answer to the question of the Senator is this: What would we do when the time came, even in that service, when the fortunes were down to where no one owned more than two and a half million dollars? Whom would we tax? Then Members of the Senate, it is the practice of social science to have practically disappeared. There never was a country which kept its wealth reasonably distributed which ever had a panic. There never was a country which kept its property diffused into the hands of the masses that ever had a calamity, and there never was a country which allowed its property to become concentrated in the hands of the few that did not have disasters and depression.

This country was founded upon the principle which I am now trying to make some effort to expound. This country was founded on this principle. The day that the Pilgrims landed in 1620, by a constitution expressing agreement goes into effect. The Senator from Louisiana la 30 minutes and the other hour of the abler Members of the Senate in connection with these matters to help me in getting up a plan of the kind I am suggesting. I have done as much as I have explained to the Senator from Maryland with my own feeble mentality, and I find no one to say that it is even an impossibility or an impracticability.

Mr. President, there is no trouble to redistribute wealth. Mr. President, I have not had the mind and the capacity possessed by some of the able Members of the Senate in connection with these matters to help me in getting up a plan of the kind I am suggesting. I have done as much as I have explained to the Senator from Maryland with my own feeble mentality, and I find no one to say that it is even an impossibility or an impracticability.

Mr. President, there is no trouble to redistribute wealth. The Lord God in heaven says it has to be done. Not only does He say it has to be done; He says a nation which does not do it cannot survive. God showed us in the parables and in paragraphs and in verses how He sent His apostles into countries where the wealth became concentrated in the hands of a few people, and how they did redivide it, and how they did redistribute it. He says that the time will come, even in this generation this thing will take place.

The VICE PRESIDENT. The time has arrived when the agreement goes into effect. The Senator from Louisiana is recognized.

Mr. LONG. I have 45 minutes on the bill, have I not, and 30 minutes on the amendment?

The VICE PRESIDENT. The Senator's statement is cur-
The effect on the fortunes of France was to steadily diffuse the law. As those children died in succeeding years, the property to the most able son or the most able daughter to roll, provided that when a man died he could not leave his property, which this Government lived for nearly a hundred years; so if a man had, say, five children and died, his property would have to order the galleries cleared.

Mr. LONG. Very well. The first country I will name that has redistributed wealth during the last 300 years is America. Do I need to prove that? The whole cause of the French Revolution was the concentration of wealth in the hands of a few. The French people went through blood. What did they do? They not only effected a redistribution of wealth but superimposed an oligarchy, which is the difference from the day of the French revolution, the concentration of wealth in the hands of a few.

Mr. BONE. There were then a mere handful of people along the Atlantic seaboard. I am talking about a country that has had its civilization well established and not merely a group of settlers who were fighting for existence with their backs to the wall.

Mr. LONG. Very well. I will name France in about 1800.

Mr. LONG. What was the period of that redistribution?

Mr. BONE. The Senator make it 1800.

Mr. LONG. I will concede that much, then, and make it 1800.

Mr. LONG. Well. The first country I will name that has redistributed wealth during the last 300 years is America.

Mr. LONG. What does the Senator call "modern times"?

Mr. BONE. The last hundred or two hundred years.

Mr. LONG. What will the Senator make it 200?

Mr. BONE. I will concede that much, then, and make it 200.

Mr. LONG. Very well. The first country I will name that has redistributed wealth during the last 200 years is America.

Mr. BONE. What was the period of that redistribution?

Mr. LONG. Beginning with 1620 and lasting for 50 or 60 years.

Mr. BONE. There were then a mere handful of people along the eastern coast, after landing at Plymouth, under the compact of the Pilgrims. Article 5 of the compact, which was the law under which the Pilgrims landed, under which they lived, and which brought this country into flower and bloom, stipulated that at the end of every seventh year—and, mind you, I am giving the exact literal words as they come from the law—shall should be remitted and every seventh year wealth should be redistributed. That is the cause of the flower and bloom of America, so much so that when this country framed a Declaration of Independence that principle was carried into the Declaration of Independence, and when our forefathers wrote the Constitution of the United States that principle was incorporated in the Constitution. James Madison, who was the chief draftsman of the Constitution of the United States, gave us statements about the tenth in which he said that this would then be a free republic, but he warned America that if it failed to redistribute wealth when the time came the country would not survive and there would be no republic left. So Daniel Webster, in 1820, at the commemoration of the two hundredth anniversary of the landing of the Pilgrims at Plymouth, said, in effect, that America's future preservation and progress and welfare depended upon whether it would or would not follow the law of the Pilgrims and redistribute the wealth of this country and prevent it from being concentrated into the hands of a few.

There are some examples; but I will give another example, if I may be permitted to do so. I turn to the fifth chapter of the Book of Nehemiah in the Old Testament to show what they then did, and to show the rules under which they did it. Here is the book. I read it once on the floor of the Senate, but I will read it again. I quote from the fifth chapter of the Book of Nehemiah:

And there was a great cry of the people and of their wives against their brethren, the Jews.

For there were that said, we, our sons, and our daughters, are many; therefore we take up corn for them, that we may eat, and live.

Some also there were that said, We have mortgaged our lands—

This reads like the conditions in the United States of America in the year 1925; one might think I was reading about the United States in 1925.

We have mortgaged our land, our houses, and houses, that we might buy corn, because of the dearth.

There were also that said, We have borrowed money for the king's tribute—

We have borrowed money to pay the taxes which are being levied on the people, and we are now talking about putting more taxes on the working man, the farmer, the home owner, when they have already borrowed money and mortgaged their homes and property to pay taxes that have already been levied on them. That sounds like 1925 in the United States of America.

Again I quote from the same chapter of the Bible:

There were also that said, we have borrowed money for the king's tribute and that upon our lands and vineyards.

Yet our debt is as the debt of our brethren, our children and, as we, bring into bondage our sons and our daughters—

The effect on the fortunes of France was to steadily diffuse the wealth, instead of concentrating wealth, and today there are no large fortunes in France. Despite the fact that France has had scorns after scorns, despite the fact that France has fought wars and needed money for everything else, nonetheless, France has been able to survive, due to the fact that its wealth has been more or less distributed among the people and cannot be concentrated into the hands of a few. Had France had what America has had, France would have been swept from the face of the globe more than a hundred years ago. That is I. 1.
Mr. President, here is a statement that instead of the amount of changes being made that is required, this actuary—and he is a prominent man in his profession—says that in his judgment it would take 8½ percent; so, notwithstanding the discriminations, notwithstanding the penalization of the youth for the benefit of the older person, we still have not enough tax to take care of this fund. Mr. President, I do not wish to detain the Senate longer with this matter. I desire, however, to call attention to the unemployment-insurance title.

Mr. WAGNER. Mr. President, will the Senator yield before he leaves the subject he is discussing?

Mr. HASTINGS. I yield.

Mr. WAGNER. Un fortunately, I did not hear all of the Senator's address; but I heard his criticism of what he termed a discrimination between the younger workers and the older workers in the disbursement of the old-age fund. The Senator has stated correctly that the older workers will receive a larger share in proportion to their contributions than the younger men. Is it the Senator's view that that difference ought to be made up by an appropriation by the Government?

Mr. HASTINGS. Undoubtedly. Undoubtedly it ought to be done in some other way than this.

Mr. WAGNER. As the Senator remembers, the original bill provided that ultimately, when the deficit should arise because of the higher annuity paid to the older workers, the other 1 percent to make up for the discriminations which are contained in the bill, if I make myself clear. I percent for the general fund in order to get rid of that deficit should be made up by society itself, through the Government, making the contribution. I do not know whether or not the Senator cares to answer the question: have we a right to make the employee pay that? I support the proposed legislation?

Mr. HASTINGS. I am not prepared to answer that question directly; but I will say to the Senator that I have in mind that I should be very much interested if we could work out a plan of a forced annuity, contributed to by the employer and the employee, whereby the fund would go directly, with 3 percent interest, to that particular person. I should be very much interested in that sort of a plan.

Mr. WAGNER. It would be difficult to work out such a plan under a pooling system, but I think the Senator will recognize the fact that it is not really accurate to say that the contribution which the younger worker makes to the fund is used to make up the larger annuity paid to the older person; that part is put to a different purpose, which is contributed by the employer of the younger worker.

Mr. HASTINGS. Yes.

Mr. WAGNER. I will say to the Senator that I am in sympathy with his criticism, and as I introduced the bill it provided that society itself should make up that difference. That deficit should be made up by society itself, through the Government, making the contribution. I do not know whether or not the Senator cares to answer the question: have we a right to make the employee pay that? I support the proposed legislation?

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Mr. HASTINGS. Yes.
what a State does in the matter of taking care of employees in the State when they are out of work? It is replied that when the State cannot do it the Federal Government is compelled to do it, and that that is the necessary excuse. That is not a sufficient excuse. It is a sufficient excuse for us to want to do something, but it does not give us the legal right to force any such plan as that upon the States of this Union.

The Supreme Court has repeatedly said that Congress cannot force upon a State by taxation, or by regulation, the commerce or what not, something which the Congress thinks a State ought to do for itself. It undoubtedly cannot do it, but that is exactly what we are asked to do under this measure.

There is one reason for it, and it is a very good reason. Unless we can force the States then the States by punishing them upon their failure to adopt the plan by imposing a tax upon employers within their borders it will be found that the various industries in one State which provides for the tax cannot compete with those in some other State which does not impose the tax. which, by the way, is a further demonstration that all this tax is passed on to the consumer. That is a reasonable excuse for this legislation, but it seems to me that the sooner we realize the limitations upon our own power, the sooner we realize that there are still existing 48 independent States in the Union which have a right to control their internal affairs, and the sooner we will get away from this kind of legislation and this kind of trouble for the Congress.

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

Mr. HASTINGS. I yield.

Mr. BORAH. I desire to ask the Senator with regard to the old-age pensions for those who are now 65 years of age, as I understand the plan, the Government would make an allowance of $15 per person to be matched against $15 by the State.

Mr. HASTINGS. Is the Senator speaking of title II of title I? There are two titles which relate to old-age pensions. One is the provision whereby the Federal Government would contribute $15 if the States contributed $15.

Mr. BORAH. That is the one to which I have reference, that is, in regard to people who are now 65 years of age.

Mr. HASTINGS. Yes.

Mr. BORAH. And who have no opportunity to share in the income of the person on whose account these pensions are paid in the future.

Mr. HASTINGS. That is correct.

Mr. BORAH. As I understand it, the Government would contribute $15 if the State contributed $15, and the State could not contribute $15, or some amount, then there would be no contribution at all.

Mr. HASTINGS. That is correct.

Mr. BORAH. In other words, there will be no contribution except as it depends upon the contribution made by the State.

Mr. HASTINGS. That is correct.

Mr. BORAH. And the Senator is advised as to how many States are now contributing as much as $15 for old-age pensions. how many States have laws providing for that amount of money?

Mr. HASTINGS. I think it is something like 23. The figure is stated somewhere in the Record.

Mr. WAGNER. Mr. President, if I may volunteer the information, 35 States have enacted old-age pension laws under which they contribute toward the support of dependent old persons, and different ages are provided—in some States, 70 years and in others 60. I think there are but two or three States which contribute more than $15 a month, and the majority of the States now, I think, are contributing less than $15 a month.

Mr. BORAH. In other words, in that condition of affairs, there would be no allowance for old-aged persons in those States at all.

Mr. WAGNER. I did not catch the question.

Mr. BORAH. Whether the allowance, then, the allowance made by the National Government would not be available?

Mr. WAGNER. That is correct.

Mr. BORAH. As a practical proposition, then, this measure does not really make any provision at all for a very large number of old-aged people.

Mr. WAGNER. Of course, it has always been regarded as an obligation of the States to take care of the old people in the States. This is the first time it has ever been proposed that the Federal Government aid the States in taking care of old people, and to that extent it is a new venture by the Federal Government.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. CONNALLY. I may say to the Senator from Idaho that the theory is that the other States will come into the plan when there is a Federal law. Of course, if a State has no old-age-pension system, the Federal Government cannot contribute toward maintaining the old people in that State.

Mr. BORAH. I understand that perfectly; nevertheless, the fact is that no provision is being made for a very large number of old-aged people as the laws stand in the States now.

Mr. WAGNER. Perhaps adequate provision is not made. Thirty-five States are attempting to meet their obligations by taking care of old-aged dependents, some at the age of 65 and others at the age of 70, but in recent years, because of the depression, the amounts which the States have contributed have been somewhat reduced. The obligation to take care of the old people has always been regarded as an obligation of the States themselves, and the Federal Government, recognizing that they have had difficulties in raising the money, due to the depression, is for the first time in our history proposing to match the State contributions toward taking care of old people. So it is a State burden, and we are hopeful of course, as the Senator from Texas has said, that the States which have not insuranced systems for taking care of the old will enact legislation so as to get the benefit of the Federal contribution.

If I may, speaking to the Senator in terms of actual amounts spent, there is now being spent by the States for this purpose a little less than $40,000,000.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. CONNALLY. In an instance, my State has no old-age-pension system, but I think this year the people are voting on a constitutional amendment providing for such a system, and I anticipate that other States will follow through if this measure shall become a law. The Senator from Idaho is correct in assuming that for the immediate present there will be a large number of old-aged persons who will not receive any grant out of the Treasury.

Mr. BORAH. Undoubtedly there are a number of States which are not prepared financially to take care of old-age pensions at this time. There are States which the National Government is assisting in carrying their burdens, with reference to relief, and so forth.

Mr. WAGNER. Yes; they are.

Mr. BORAH. It seems to me we ought to take into consideration the fact that, so far as the people who are now 65 years of age are concerned, this measure is not and should not be regarded wholly as a pension proposition. These old people, at the end of 4 or 5 years of depression, with all means exhausted, are in a condition where they must be taken care of, and it will be a Federal contribution, if the amounts depend on whether the States are able to contribute $15 in addition does not seem to me to be meeting the situation.

There is a question of relief here, as well as the question of pensions, because it is now the effort of the Government to take these people from the relief rolls, and I am advised that hundreds of thousands of them will go back into the
We have that condition in America today. Lo, we bring into bondage our sons and our daughters. Today every boy and every girl who are born in America inherit a debt of $2,000, or more than that, and 99 percent of them die without ever paying the debt. Of the national income of America, amounting to $42,000,000,000, $28,000,000,000 or two-thirds of it goes for taxes and for interest on debts the people owe, and the debts are increasing year by year. The debts of the common people are not decreasing; they are increasing. I am showing you how closely parallel this excerpt from the Bible is to present conditions.

And lo, we bring into bondage our sons and our daughters to be servants, and some of our daughters are brought into bondage already; neither is it in our power to redeem them; for other men have our lands and vineyards.

This I was very angry when I heard their words and these words: Then I consulted with myself, and I rebuked the nobles and the rulers and said unto them, Ye exact usury, every one of his brother. And I set a great assembly against them.

He called out the mob. And I said unto the people: After our ability have we redeemed our brethren the Jews, which were sold unto the heathen; and will ye even till your brethren be sold, and shall they sell into Egypt and into Babylon? Held they their peace, and found nothing to answer.

Also I said, It is not good that ye do: ought ye to walk in the fear of our God because of the reproach of the heathen our enemies?

I likewise, and my brethren, and my servants, might exact of them money and corn: I pray you, let us leave off this usury.

Restore—

Here is the command of the Lord—

Restore, I pray you, to them, even this day, their lands, their vineyards, their oliveyards, and also the hundredth part of the money.

Give them some of the money, too—and of the corn, the wine, and the oil, that ye exact of them.

Then said they, We will not give it. And they sware unto them, and also required nothing of them, so will we do as thou sayest. Then I called the priests, and took an oath of them, that they should do according to this promise.

And lo, from the time that I was appointed to be their governor in the land of Judah, from the twentieth year even unto this present, the three score and ten years. And my brethren and all my servants were gathered thither unto the land of Egypt.

In other words, he got down off his "high horse." They pulled the rules down. They said, "Never mind the castles in Spain for the month of August. Never mind about that camp in the Adirondacks for the month of July. Never mind about the balance on the Pacific slope, and the various and sundry cottages up in the Sierra Mountains during the month of August. Never mind about the palaces on the coast of Florida in the month of January. Get down here and get down off your 'high horse' until we bring this country back to the land of liberty."

Never mind about the yachts like the $5,000,000 Nourmahal. Live according to Hoyle. [Laughter.]

But the former governors that had been before me were chargeable to a sum total of these bread and wine, beside 40 shekels of silver out of the tribute for the prince, even of the Levites, the priests, and the porters, the course of the day.

Yes, also I continued in the work of this new revised law, neither bought we the land: and all my servants were gathered thither unto the work.

Now, there were at my table an hundred and fifty of the Jewish and rulers—

That was the ruling family which owned all the property—150 families. Today at the very most the United States has 600 families with a much larger population—living those that came unto us from among the heathen that

Now, that which was prepared for me daily was 1 ox and 6 sheep, and 30 lizards; also fowls were prepared for me, and once in 10 days some of all sorts of wine; yet for all this required not I the people, this I took upon me, my God, for good, according to all that I have done for this people.

There is your redistribution of wealth. Now, go over in the New Testament, and you will find it again:

They shall beat their swords into plowshares, and their spears into pruninghooks; nation shall not lift up sword against nation, neither shall they learn any more. But each man shall live under his own vine and under his fig tree, and there shall be peace in the earth. [Laughter.]

You will find it in the Old Testament and you will find it in the New Testament.

Not only is it the law of the Bible, but it is the foundation of the country. It is the very foundation of the French Republic, and it is also carried in the main writings of the world in principle laid down by Aristotle, Socrates, Plato, and all the ancient Greek wise men. I have even found it to be propounded by Confucius as the law for China.

I am not alone in my prophecy. I have one of the leading newspapers in the country which less than 2 months ago made an examination of these matters of which I am now speaking. They made the examination to prove that my facts were not there, to prove that my logic was faulty. What did they say, this newspaper which calls itself the New York Daily News, with the largest circulation of any newspaper in America? It said that unless America finds a way to redistribute the wealth into hands of the people by law and orderly process, we can expect it to be done by blood and by force and by revolution like it was done in France and as occurred in Russia. That is their prophecy.

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

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Washington?

Mr. LONG. I yield.

Mr. BONE. The Senator apparently has done an excellent job in defining an amendment under the principle which he has offered. I may be in error, but a hasty calculation suggests that on the $10,000,000,000 fortune which the Senator has used as in example, the first year's levy under the Senator's amendment would take approximately 98 percent of the $10,000,000,000.

Mr. LONG. Oh, you may be in error.

Mr. BONE. In other words, the Senator's amendment provides that "in addition to other taxes levied"—I assume that means the present business taxes.

Mr. LONG. Income and inheritance taxes.

Mr. BONE. Then there shall be annually levied and collected a tax in accordance with certain provisions, beginning at 1 percent, and then all through by gradation to subdivision (h), which provides for 99 percent on fortunes in excess of $8,000,000. The calculation I have made shows that the first year's levy would take out of the $10,000,000,000 a total tax of $9,893,350,000.

Mr. LONG. How much would it leave?

Mr. BONE. It would leave $106,650,000. The second year's tax would be $7,116,500, the third year, out of the $10,000,000,000 fortune, $7,116,500. By two levies made under the Senator's amendment the $10,000,000,000 fortune would be reduced to $7,116,500. That is deflating large fortunes with a rapidity which is startling.

Mr. LONG. It is not quite fast enough at that. It ought to be done faster than that. A man has no business with $7,000,000,000 fortune would be reduced to $7,116,500.

Mr. BONE. The Senator referred to France as not having any concentration of wealth, but I want the Senator to know that of the total wealth of the world, much less that of the United States, careful studies were made, France possessed 5.4 percent of the world's wealth, so, of course, it was much easier for large aggregations of wealth to come into existence in this Republic than it was in France, containing only 5 percent of the world's total aggregation of wealth.

Mr. LONG. On the contrary in countries which did not have any larger percentage of wealth than France, there were some very big fortunes. What percentage of the wealth of the world has India?

Mr. BONE. India had 3.3 percent.
Mr. LONG. India has fortunes almost as large as some of the big fortunes in America. It is not the size of the national wealth that controls the big fortunes. While France has a percent of the entire wealth of the world and has relatively no such thing as a big fortune in it and its wealth is well distributed, yet in India, which possesses only 3 percent of the wealth, there are many rich rulers to be found.

The Indian princes and Indian rulers are exceptionally wealthy people, and yet they have the lord prince at the top with every kind of precious possession, and at the bottom the Indian people are living away below a respectable point of half-way starvation. It makes no difference about what percent of the wealth of the world a country may own insofar as it relates to distribution.

Let me say to the people of Washington: It is true that this is detaining the big fortunes very quickly, but it needs to be done that way. I am standing in nearly the same spot where I stood a little over 3 years ago. Three years ago, from the place where my friend the Senator from New Jersey [Mr. Moor] now sits, or at about that point, I made the statement under Mr. Hoover: "This is 1913 and we will go along with these experiments and we will never bring America 1 foot nearer recovery, we will never improve conditions one bit, unless there is a redistribution of wealth." That was 3 years ago. We have tried nearly everything under Mr. Hoover and under Mr. Roosevelt that anybody could think of. We have tried every kind of scheme, both liberal and radical. We have tried every kind of scheme of both the liberals and the conservatives. Everything has been tried in 3 years' time. I invite the attention of my friend from Washington that the Democratic Party promised to do this. The Democratic Party promised it would redistribute the wealth. The Democratic Party promised to do it.

If anybody wishes me to prove that statement, I shall have no difficulty whatever in doing so by reading from the speech delivered from the rostrum of the Democratic National Convention at Chicago, in 1912, wherein he said that by that platform and by that convention the men and women of the United States, forgotten in the philosophy of the last 2 years, government, were looking to the Democratic Party to provide for the redistribution of the national wealth.

I am willing to be liberal in the amendment; I am willing to be liberal in framing this law, and if it is allowed to own more than five or six dollars, I am willing to be more liberal in the amendment; if it is allowed to have no difficulty whatever in doing so by reading from the speech delivered from the rostrum of the Democratic National Convention at Chicago by the President of the United States, wherein he said that by that platform and by that convention the men and women of the United States, forgotten in the philosophy of the last 2 years, government, were looking to the Democratic Party to provide for the redistribution of the national wealth.

We are looking to the Democratic Party. I desire to say that I am willing to be liberal in framing this law, and if it is the size of fortune which individuals ought to be allowed to own more than five or six or seven or eight million dollars, I am willing to be more liberal in the amendment; but is it the idea of the Senator from Washington that individual fortunes in the United States should be allowed to exceed five or six million dollars? I should like the Senator to tell me who thinks there ought to be more than that allowed to any one person. I think that is too much.

Mr. LONG. Mr. President, since the Senate has spoken directly to me, I will tell him that I was concerned in making a mathematical calculation, and not making an argument about the size of fortunes which might be justified under the Constitution. Mr. President, I have discussed this maldistribution of wealth a thousand times before I had the pleasure of meeting the Senator from Louisiana. In fact, I had a discussion with the President of the United States. I have discussed the maldistribution of wealth a thousand times before I had the pleasure of meeting the Senator from Louisiana. In fact, I had a discussion with the President of the United States. I have discussed the maldistribution of wealth a thousand times before I had the pleasure of meeting the Senator from Louisiana. In fact, I had a discussion with the President of the United States.

Mr. BONE. I cannot put my finger on it. If the Senator

Mr. LEWIS. I reannounce the absence of Senators whose names were given by me, and the reasons therefor, as announced on the previous roll call.

The VICE PRESIDENT. Eighty-six Senators have answered to their names and the roll call is produced. The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I now wish to read from the report of the Industrial Relations Commission of 1916, under the heading, Concentration of Wealth and Influence, on page 80. It is as follows:

The evidence developed by the hearings and investigations of the Commission is the basis for the following statements:

1. The present of manufacturing, mining, and transportation industries is to an increasing degree passing into the hands of great corporations through stock ownership, and control of credit is centralized in a comparatively small number of enormously powerful financial institutions. These financial institutions are in turn dominated by a single large corporation.

2. The final control of American industry rests, therefore, in the hands of a small number of wealthy and powerful financiers.
3. The concentration of ownership and control is greatest in the basic industries upon which the welfare of the country must finally rest.
4. With few exceptions, each of the great basic industries is dominated by a single large corporation, and the attempt to correct this by breaking up the companies is not a true test of the control of the industry through stock ownership in supposedly non-profit corporations and through control is almost if not quite, as potent.
5. In such corporations, in spite of the large number of stockholders, the control through actual stock ownership rests in a very small number of persons. For example, the United Steel Corporation, which had in 1911 approximately 200,000 shareholders, 15 percent of the stockholders held 97 percent of the stock, while the final control rested with a single private banking house. Similarly, in the American Tobacco Co., before the dissolution, 10 stockholders owned 60 percent of the stock.

That was the American Tobacco Co., the whole Tobacco Trade. Ten men owned 60 percent of the entire American Tobacco Co.

I have no intention of using the words, 'with reference to the annuity bonds, yet to be acted on.' The amendment from Connecticut is very much interested in the subject and I ask unanimous consent that the amendment may go over until tomorrow, without prejudice, and that individual amendments may be acted on at this time and that the amendment shall be agreed to.

The PRESIDENT. The Senate Indians Mississippian asks unanimous consent that the remaining committee amendment may go over until tomorrow. Is there objection? The Chair hears none, and it is so ordered.

Mr. NORBECK. Mr. President, I desire to offer an amendment providing for a pension for any Indian, and a pension in an amount which, when added to the other annual income of such applicant, will bring such annual income up to but in excess of $1 per day. {Signed, however, That payments to be made in equal monthly installment the date of approval of the application by the Secretary of the Interior and in the discretion of the Secretary such payments may be made direct to the individual beneficiary or to other persons designated by the Secretary of the Interior providing care for any beneficiary under the provisions of this act. Provided further, That in the discretion of the Secretary of the Interior to make such payments.
Mr. HARRISON. The Senator from South Dakota has withdrawn his amendment for the present.

The VICE PRESIDENT. The Senator from South Dakota has withdrawn his amendment.

Mr. VANDENBERG. Mr. President, I offer an amendment, in the name of the Senate Committee on Finance, for the purpose of taking advantage of the more attractive foreign conditions.

Except as we create this protected element which is covered by this amendment, I submit that when we add a definite pay-roll tax in the United States, which will inevitably, in the same proportion, increase the American cost of production, we put a premium upon the extension of the foreign branch-plant system, which operates utterly at the expense of American labor and American industry. We put a premium on unless this type of differential is provided.

Mr. President, let me go a step further. When we write the late lamented N. R. A. law we recognized in the text of the bill the fact that if the Government by its fiat injects any artificial factor into domestic costs of production, that factor must be offset in respect to protected commodities by a compensating increase in rates. Furthermore, when we wrote the A. A. A. law we acknowledged precisely the same principle and we provided for precisely the same preferential treatment.

It seems to me the situation which we confront in respect to pay-roll taxes is infinitely more challenging than was the need for protecting the differential in respect either to the N. R. A. or the A. A. A., because in this instance the factor which is being injected by Government fiat is a factor of definite and continuous and very substantial burden.

For example, according to the estimates under this bill, the total cost of pay-roll taxes in 1940 will be $1,000,000,000. By 1945 it will be $2,000,000,000. By 1950 it will be nearly $3,000,000,000. That $3,000,000,000 element injected into the pay-roll cost of American industry is injected squarely into the cost of production of the commodities produced. Therefore, so long as we are continuing to live under a system which pretends, at least, to offset the difference in cost of production at home and abroad by tariff differentials, it is perfectly obvious that if there is to be any semblance of a chance for the proposed law to succeed and prevail it must contain within itself the automatic means to protect this $3,000,000,000 increased element in the domestic production cost, or the entire system will fail and fail hopelessly.

I submitted the amendment last Saturday. I ask the able Senator from Mississippi (Mr. Healanford) if he was able to find the time to give it a thorough consideration. If he should like, in my time, if the Senator from Mississippi has anything to say to me at the moment upon the subject, that he shall say it.

Mr. HARRISON. Mr. President, I will say to the Senator that I have looked into the matter at length, and have conferred with the Tariff Commission. When the Senator concludes, I shall make reply.

Mr. VANDENBERG. Mr. President, I think I have said all that I wish to say until the Senator from Mississippi shall have proceeded in respect to his own investigation.

Mr. HARKIN. Mr. President, it is quite true that in respect to the N. R. A., because of the increased cost which might be involved by virtue of code provisions, and also with the reference to the A. A. A., that investigations might be carried on by the Tariff Commission with a view of increasing the tariff duties. I have communicated with the Tariff Commission, and I received a memorandum from the acting chairman, Mr. Page, in which he said:

In compliance with your request, I am enclosing a memorandum which covers the subject as thoroughly as could be done in the time available time. The purpose of the memorandum is to bring to your attention the necessity or the advisability of incorporating the amendment in the social-security bill.

It will be observed, Mr. President, that under the present law the Tariff Commission has the power, not to take articles from the free list and put them on the dutiable list, but to increase up to 50 percent the tariff duties on dutiable articles; and it may take into consideration every factor which may increase the cost of the particular article. So there is nothing in this bill which would disturb the status quo with reference to the Tariff Commission so as to prevent the Commission, upon the presentation of an applica-
lution by the interested parties, from making investigation to ascertain whether the tariff duties should be increased because of the additional tax which might be imposed.

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

Mr. VANDENBERG. I yield.

Mr. HARRISON. In the amendment it is provided that when the Commission has made its investigation and submitted its report, the President is required to proclaim the rates only recommended by the Commission.

Speaking a moment ago, the Senator from Mississippi [Mr. HARRISON] indicated that the Commission now has the power to change rates. My understanding of the article is that the Commission makes an investigation as to the difference between the cost of production at home and abroad, and makes its findings of fact, upon which the President is authorized, within a limit of 50 percent of the existing rates, to change the rates in order to make them conform to the differences in the cost of production at home and abroad.

Mr. HARRISON. That is the present law.

Mr. ROBINSON. This amendment gives to the Commission the power to make tariff rates. It changes the so-called "flexible provision" of the tariff law in that particular and vests in the Tariff Commission rate-making power. The President should equally perform under that amendment save to proclaim the rates recommended by the Commission. He cannot change them. He cannot withhold this recommendation. It is compulsory on the President to put into effect whatever rates the Commission may find in accordance with the investigation made under the terms of the amendment. Therefore, it constitutes a very radical and notable change in the existing flexible tariff law.

Mr. HARRISON. Mr. President, the Senator from Arkansas is correct in reference to that question; but under the present law the Tariff Commission has the right to make the investigation and, if sufficient evidence is presented the Tariff Commission may recommend to the President an increase in rates, and the President may pass upon the recommendation.

Mr. VANDENBERG. Mr. President, if the Senator makes that point I desire to comment that I completely agree with the analysis made by the Senator from Arkansas, and my reason is that the change in the amendment was deliberately made, for two reasons. First, I desired, if possible, to reduce this delegated power to an absolutely ministerial basis, with discretion eliminated; and, therefore, the amendment carries a specific formula that only a ministerial duty attaches to it.

Second, it is made mandatory for this reason: In my view, it is utterly essential to the success of this great adventure that it shall have the wholehearted cooperation of American industry; and it is my feeling, rightly or wrongly, that that cooperation will be forthcoming in infinitely greater degree if industry may know that the pay-roll taxes will not be one of the tariff increases whenever it can be demonstrated that the pay-roll taxes require the differential changes to preserve the relative status quo.

Mr. HARRISON. I assume that there is no difference of opinion between the Senator from Michigan and myself as to the right of the Tariff Commission now, on dutiable articles to take this fact into consideration in their recommendations for an increase to the President of the United States?

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

Mr. HARRISON. I yield.

Mr. VANDENBERG. There is no difference of opinion upon that subject. The chief necessity of the amendment, from any point of view, is that two-thirds of our importations are on the free list anyway; and since the pay-roll tax applies to all of our industry, it seems to me that the only and the formula for treating the pay-roll tax differentials should equally apply to all our industry, and of course the Senator will agree that it could not apply to all our industry under the flexible-tariff law.

Mr. HARRISON. It could not apply to any industry whose articles were on the free list.

Mr. ROBINSON. Mr. President, will the Senator yield for a further brief statement?

Mr. HARRISON. I yield.

Mr. ROBINSON. The Senator from Michigan himself has pointed out another very material change in the law contemplated in his amendment. Neither the Tariff Commission nor the President under the flexible-tariff provision has the power to take a commodity from the free list and place it on the dutiable list. This amendment gives that power to the Commission, and under the Senator's statement it means that there would hereafter be no free list. There probably would be no commodities imported free of duty if this amendment were agreed to.

Mr. VANDENBERG. Mr. President, I am sure the Senator is seeking accurately to reflect the amendment. There is nothing of that mandatory character in it, however, because in each instance there must be an adequate demonstration of the fact that the pay-roll tax had penalized the industry.

Mr. ROBINSON. Yes; but I base my conclusion on the assertion made by the Senator from Michigan that this would apply to practically all commodities manufactured in the United States and exported.

Mr. VANDENBERG. I meant to say that the philosophy of the amendment ought to apply to all.

Mr. ROBINSON. Very well.

Mr. VANDENBERG. I mean the philosophy, and I think that is a fair interpretation. Whatever the facts develop should govern in the situation. That is what I am trying to say.

Mr. ROBINSON. But the fact remains that it would give to the Tariff Commission, without even approval by the Chief Executive, the power to take any article from the free list and place it on the dutiable list.

There is another proposed change in the law, if I correctly interpret the amendment—and I shall not further develop the Senator from Missouri when I shall have made this statement. The amendment eliminates the limitation in the existing tariff provision whereby the President is authorized, upon proper investigation and finding by the Commission, to change existing tariff rates not more than 50 percent; that is, to raise or lower them 50 percent. As I interpret the amendment, it would give the Commission the power to change them without any limitation. Is that correct?

Mr. VANDENBERG. The Senator is correct, and the reason for it is that of course a 50-percent boundary could not apply to the free list; and I am concerned I shall be glad to have it apply to the dutiable list.

Mr. ROBINSON. Under existing law the rates are changed to make a duty more nearly conform to the test of cost of production. Nevertheless there is a limitation in the law to the effect that rates may be changed only 50 percent; that is, they may be raised 50 percent or they may be lowered 50 percent. In theory it might be true that an increase of 50 percent or a decrease of 50 percent would not bring about harmony in cost of production at home and abroad.

Mr. HARRISON. Mr. President, the amendment differs from the present law in another respect in that in the present law any interested person may make the application, while the amendment offered by the Senator from Michigan provides "upon the application of any employer to the United States Tariff Commission." Of course, under the proviso levying one tax under the bill "employers include only those who employ four or more persons before they are subject to tax, and with respect to this tax and the other tax, there are certain exemptions. The amendment is really broader than the present tariff act and restricts it to applications being made only by an employer. I should like to read to the Senator from Michigan and to the Senate the views of the Tariff Commission with respect to this matter. The acting chairman of the Tariff Commission says:

Senator Vandenberg's amendment makes it mandatory that upon request of any employer the Tariff Commission shall investigate the domestic costs of production with a view to determining
The increased costs under sections 804 and 801, which investigations under this amendment are intended to predicate, are as follows:

Section 804 provides for an excise tax on employers, starting with one-half of one percent of the pay roll in 1948 and increasing to a maximum of 5 percent in 1948 and subsequent years.

Section 801 provides for a tax on employers for the privilege of employing labor, the tax to be one percent of the cost of the labor in 1938, 2 percent in 1939, and 3 percent in 1940 and following years.

During the first few years the increase in costs of production due to the tax would be slight. In and after 1948 for a particular manufacturer where labor made up 25 percent of the cost his maximum increase would be 1% percent. This percentage would increase as the ratio of labor to total cost increased.

Under section 336 of the Tariff Act of 1930, but an article may be trans

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The amendment was rejected.
I have a big heart myself.

As I say, if the times were normal, a wholly different problem would be presented; but these old people now are at the end of 4 or 5 years of depression. Their means have been exhausted to the last cent. They have nothing between them and the poorhouse, the old county farm. As we enter upon this type of legislation and propose to do something for their benefit, ought we not to do something more than provide an amount which is wholly inadequate to take care of them?

Mr. HARRISON. I will say to the Senator that, of course, I have a kind heart myself.

Mr. BORAH. I am perfectly willing to leave the provision so that the States must put up something, but I wish to have an assurance in the bill, if we can get it, that a reasonable sum shall be provided in some way. When I say "a reasonable sum", I do not consider $20 a month a reasonable sum, but under the circumstances I am willing to accept it.

Mr. FLITCHE.. Mr. President, may I ask the Senator from Mississippi if it would be possible to provide that the Federal Government shall contribute its $15 a month, leaving the State to contribute whatever it may up to $15 more? In other words, it is necessary to provide that the Federal Government will pay nothing unless the State contributes a like amount.

Mr. HARRISON. The Senator from Florida is a wise Senator, and a very practical one, and he knows that if we should write such a provision into the bill the States would not contribute, and the Federal Government would be holding the bag.

As practical men, we know there is not any doubt that there is going to be a tremendous pressure in the future upon any gentleman who runs for public office, either in the lower House or in the Senate, to ask for an increase of the old-age pension; and we are all going to be subjected to that pressure. It is a reality that in this day and time our old people are becoming very powerful and very often influence the judgment of canny and clever politicians. This is not a very logical argument, but it is a practical one. If we leave it entirely to the Congress to provide all the fund, and do not require the States to contribute part of it, there will ever be pressure upon those seeking the Federal office. There should be some check against the great expenditures, and the cooperative plan here proposed will furnish it. The Senator appreciates that the State is not limited in the amount to be appropriated within the State for old-age pensions. They are permitted as each State may desire to go beyond the $30 a month.

There are so many things to consider in connection with a great forward movement like this that we must hold ourselves back a little bit, and get the very best and most constructive measure that we can.

I think this measure is most constructive. I think it is going forward quicker and better than we anticipated, and I think we can accomplish without having it complicated by proposals for eliminating State contributions. To do so may jeopardize this whole bill. That would be a tragedy.

Mr. ROBINSON. Mr. President, I think it is a great mistake. I hold a moment ago I do not desire to excuse the States wholly from this contribution. I think they ought to be required to put up some amount. I am sure in some instances the amounts will be very small. Now I do not want to see these old people live in dire want simply because the State and the Government are unable to agree as to their respective portions. The National Government, by this bill, is assuming a responsibility. That matter is not open for debate. Having assumed the responsibility we should be just to the aged people who have, in many instances, contributed a life of service to the State and Nation.

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

Mr. BORAH. I yield.

Mr. ROBINSON. Therein lies a difficulty which suggests itself to my mind with great force.

We all realize, of course, that it is probably impracticable now to effectuate any arrangement which will constitute a final and a permanent basis for old-age pensions. Nevertheless, unless we have well defined in the law what portion of the expense must be met by the local community or the State, as well as that which must be met by the National Government, we shall have almost as many different standards as there are States and localities; and we shall have this situation arising:

The authorities in some States will feel that it is difficult, in fact, almost impossible, to make any immediate provision for continuation, with the result that the Federal Government will carry the whole load that may be borne; and, as has been suggested by the Senator from Mississippi (Mr. HARRISON), the pressure on Congress will become irresistible to make adequate provision by the use of Federal funds alone.

If we do not define in the law within limitation what the States shall do, some of them will do nothing, and discriminations will result. A contest may arise as to which State may be able to obtain the greatest benefit for its citizens without assuming corresponding responsibilities.

The Senator from Idaho has said that he realizes it is absolutely necessary to require the States to contribute something to this fund. What requirement would the Senator impose? This bill proceeds on the basis of other legislation which has been enacted, on the 50-50 basis. If we depart from the 50-50 basis, what basis shall we establish or accept; and will there be varying standards of Federal contribution set up to meet the differences in conditions that may reflect themselves from the various States?

I know there are some States which will find great difficulty in meeting the requirements that are contemplated by this bill; but, on the other hand, if we say they must do something, we are immediately confronted with the question, "Then what must they do?" And who will define or make clear the requirements that must be met by the States in order that their citizens may have the benefits of this measure?

If the Senator from Idaho were amending the bill, what change would be made? I ask for information because this subject has given me great cause for study.

Mr. BORAH. Exactly, Mr. President. I understand perfectly the difficulty of framing an amendment so as to leave the obligation upon the State, while at the same time providing a sufficient amount on which these old people can live.

I have made some effort today to draw an amendment, and I have done so, but it is not exactly satisfactory, although it represents the idea. If the bill is to go over until tomorrow I shall offer the amendment tomorrow. The amendment contemplates matching the States up to $15, and then after that the Federal Government making an appropriation which would fix the sum at a specified amount, say $30. The State, therefore, would have to put up something. It might put up but $6, and if it put up but $6 the Federal Government would match the $30 and put up enough more to make up the $30. That is as near as I have been able to arrive at a practical solution of the matter.

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

Mr. BORAH. I yield.

Mr. ROBINSON. That is not quite pertinent, perhaps, to the observations being submitted by the Senator, but I am sure he has in mind the fact that the Federal Government is confronted with the necessity of expending a very large amount of money without great difficulty in meeting. The Finance Committee will meet within a few days to increase the burden of taxes made necessary by the enormous deficit which we are created.

There are some States in the Union which pay a large part of the Federal taxes. In addition, they are the nucleus States, and the people of those States will have to pay enormous taxes in order to carry the burdens which will rest upon them under the pending bill.
If the Federal Government is to assume a larger burden, it simply means that we must go to those few States for more money.

Mr. BORAH. Will the Senator pardon me right there?

Mr. KING. Certainly.

Mr. BORAH. While there are large States paying great sums of money, they have the wealth; and if we are to levy taxes in accordance with ability to pay, they should pay. In addition to that, I observe that in the distribution of funds which are going out from the Federal Treasury, these large States get their full share in proportion to their population.

Mr. KING. That is true; but consider the situation of the State of Illinois, though I do not wish to particularize any State. The Senator remembers that 2 or 3 years ago, notwithstanding there is considerable wealth in Illinois, they found difficulty, indeed, they found it impossible. It was contended, for them to pay their school teachers and to carry on the schools, and they had to come to the Federal Government and ask for aid in order to meet some of the burdens resting upon them.

I do not want any State or any individual or any corporation to escape legitimate taxation, but the burdens now resting upon all of the States and upon the Federal Government are very great, and very, very great, and I ought to bear in mind that when we are seeking to increase the burdens of the Federal Government.

Mr. BORAH. I appreciate that. I think the question of the burden of taxes is one of the great problems which may be holding back recovery. I understand that perfectly. But we are peculiar in the fact that we discuss the question of the tax burden only on particular occasions.

I shall not offer the amendment at this time, but I wish to say to the Senator from Mississippi that I have not changed my view that we ought to take care of this situation, and I hope to be able to present an amendment to the Senate later which he may accept.

Mr. FLETCHER. Mr. President, may I ask the Senator if he clings to the view that Federal aid should be conditioned on State aid?

Mr. BORAH. I cling to the view that there should be a matching up to a certain point where the State is unable to carry on the schools, and have them pending, and that they may go over until tomorrow.

Mr. ROBINSON. Have the amendments been printed?

Mr. CLARK. They have been printed, and have been on the desk for several days.

The PRESIDING OFFICER (Mr. O'MAHONEY in the Chair). The clerks will state the amendments.

Mr. CLARK. They have been printed, and have been on the desk for several days.

The PRESIDING OFFICER. The Senator from Idaho offers a amendment which will be printed and lie on the table.

Mr. ROBINSON. The amendments will be printed and lie on the table.

Mr. BORAH. Mr. President, although I may make some changes in my amendments, I have been requested by the Idaho Senators that the amendments be printed so that Senators may have an opportunity to consider them.

The PRESIDING OFFICER. The Senator from Idaho offers an amendment which will be printed and lie on the table.

If the Federal Government is to assume a larger burden, it simply means that we must go to those few States for more money.