

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 "S. 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 been wholly a State responsibility. 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 undoubtedly 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 by the Congresses that are to follow. I know, however, that this is only the beginning; and I know that the same public sentiment 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 confine itself always to 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 program is through making certain that the State does its full share. If we stick to that principle, we may save ourselves from some of the serious consequences that otherwise 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 abandoned if and when the country so recovers from the depression that such contributions on the part of the Federal Government are found 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 frankness 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 50 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.

It 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 annuity bonds to be issued by the Treasury.

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 such authority to issue annuity bonds will reduce the cost of free pensions for the persons who are not included 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 in the past, 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 \$6,000. 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 \$2.50 per month, or a total of \$17.50 per month. If this man is 60 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 \$2,351.52 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 8 that that man will be entitled to \$22.50 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 \$3.76 per month. If he lives for 12 years and draws \$22.50 per month, or \$270 a year, he will receive \$3,240, while if he only drew the amount that the \$384 and interest at 3 percent would provide, namely, \$3.76 per month, or \$45.12 per year, he would draw \$541.44, a difference of \$2,698.56 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 \$720, and this sum will purchase an annuity of \$7.67 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 \$27.50 per month, or \$330 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 35 years of age, and payments are made by him and for him for a period of 30 years. For the first 15-year period the amount paid in amounts to \$720, 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 \$1,080, making a total of \$1,800. 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 \$1,800 that has been paid in for him and by him would amount to \$25.72 per month, or \$308.64 a year, or a total of \$3,702.68. This subtracted from the amount that he would get under the plan leaves a difference of \$2,417.32.

Assuming that the man goes in at the age of 25 years and pays in for 40 years, there will be paid in by him and for him \$2,520, 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 \$51.25 per month, or \$615 per year, or a total of \$7,380, if he lived out his expectancy. The annuity that could be purchased for him would be \$529.20 per year, or \$6,350.40, leaving a balance that must be made up from some source of \$1,029.60. It will be observed that even if he goes in at 25 years of age he still gets an advantage of \$1,029.60 if everything happens that is expected to happen.

If a man goes in at the age of 20 years and pays in for 45 years, there will be paid for his account \$2,880; and that

will purchase an annuity of \$55.82 a month, or \$669.84 per year, or a total for 12 years of \$8,038.08. Under the plan he would get \$53.75 per month, or \$645 a year, and for a period of 12 years would receive \$7,740. The persons in this class would, therefore, get \$298.08 less under the plan than they would have coming to them from the ordinary life-insurance annuity.

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 45 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 will receive a total of \$7,740. There will be paid in for him and by him \$3,240, which will purchase him an annuity of \$68.50 per month, or \$822 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 \$135,000, and under the plan will be limited in pension to \$85 per month, or \$1,020 a year; and if he lives out his expectancy, he will receive \$12,240. 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 per year, which over a 12-year period would give him a total of \$24,660. Under the plan he would get \$12,240, so that there is a difference of \$12,420 which the young man, who starts in in 1949 and pays in for a period of 45 years and earns during the whole of that time \$250 per month, will lose.

PAYMENTS UPON DEATH

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 3½ percent of the total wages paid to him after December 31, 1936.

If a man, therefore, enters this plan at the age of 60 and earns \$1,200 per year for 5 years, he will have earned 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 \$76.92, making an overpayment to the estate of \$133.08.

If he has been in the plan for 15 years, the amount his estate will receive will be \$630, while the amount paid in by him with accumulated interest will equal only \$432.72, making an overpayment of \$197.28.

If he has paid in for a period of 25 years, his estate will receive \$1,050, while the amount he has paid in with accumulated interest will be only \$999.60, making an overpayment of \$50.40. So the only person who is treated with entire equity is the man who has paid in for 25 years and dies. His estate gets back just about what it is planned ought to be gotten back.

If he pays in for 35 years, however, his estate will receive only \$1,470, and the amount he has paid in plus the accumulated interest will amount to \$1,761.72, showing a loss to the estate of \$291.72.

I may call attention to the fact that these figures are based upon what the employee contributes, and have nothing to do with what the employer contributes.

If he pays in for 45 years and dies just at the age of 65, his estate will be entitled to \$1,890 under the plan, while the amount he has paid in plus the accumulated interest will amount to \$2,785.92, showing a loss to his estate of \$895.92.

The above illustrations are based upon the assumption that he began to pay in at the end of 1936, when the rates would be less than the maximum for the first 12 years.

If we take the illustration 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 \$1,890, although the amount the employee has contributed to the fund with its accumulated compounded 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 12 years, will receive under the plan only \$53.75 per month, while if the same amount had been paid in on some annuity plan he would receive \$68.50 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 then dies at the age of 65, in that his estate would receive only \$1,890, whereas the amount that he has paid in with accumulated interest would be \$3,383.52, or a difference of \$1,493.52, so that if he lives for 12 years, or until he is 77, and draws his pension, he has a loss of \$2,124, while if he dies 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 pay we take \$250 per month. I have shown 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 \$250 per month man, however, pays in 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 \$8,458.50, 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 man with low earnings against the man with higher earnings.

Take the illustration found in the report on page 8. It will be observed that a man who has paid in for 10 years on the basis of \$50 per month will receive a pension of \$17.50, and that \$17.50 to a man who has received a wage of \$100 per month is increased to \$22.50, and it increases \$5 for every \$50 per month increase in pay up to \$250 per month. So that the man who earns \$250 per month or five times as much as the man earning \$50 per month, will receive only a fraction more than twice as much as the man who receives \$50 per month. It must be borne in mind also that the man who has been receiving five times as much salary and who gets only twice as much in the form of a pension has all of the time been paying five times as much in taxes.

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 fund, 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 what we do here may be changed and will be changed upon the demand of people who have been discriminated against.

I do not overlook the suggestion 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 paid by the employer and that the employee has not contributed all the money which I have placed to his account.

That is quite true indeed, but it is not an answer at all to the point which I make and to the questions which I raise. The employee under this plan will either weekly, monthly, or yearly, whatever the plan provides for, have in his possession some evidence of what has been placed to his credit by the Federal Government. It will make no difference to him whether or not a part of it has been con-

tributed 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 was entitled to. However, the young 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 had invested it at 3-percent interest, and the 3-percent interest had accumulated until he had arrived at 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 1935 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 other youths 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 for your patriotism. 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 what they actually earned or what is due to them, if you put it upon any such basis as that."

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 upon that ground we defend our position, and that is the only ground upon which we can defend it.

However, when the young 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, "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 \$85 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 to 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 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 of need came to borrow money, to take part of his profit, at 60 years of age instead of 65, all under a binding contract, to which the careful youth and his parents and the employer had been looking to take care of him in the future, we force upon him a plan of which he has no notion whether it will be lived up to or not. He does not know whether it will last 5 years or 10 years. He does not know whether it will last until he is 65 years of age. He does not know what minute Congress is going to cut him off.

Mr. President, I suggest that that is a serious question, which we ought to consider before we pass on this difficult problem to some Congress in the future.

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 has he taken into account the fact that the payments which are made are made both by the employer as well as by the employee? Assume that there was no payment made by the employer, but only by the employee, is not the amount which he would receive under the bill commensurate with the amount which he would pay? The Senator has been debating it upon the theory that it is the equivalent of the employee making both payments, but the master pays part and the employee pays part. However, it all inures to the employee's advantage.

Mr. HASTINGS. Yes.

Mr. KING. Supposing that the Senator should base his computation upon the proposition that the employee should be entitled only to the benefits which would come from his payments, what then would be the result?

Mr. HASTINGS. Of course, all the figures I have mentioned as being paid in under regular annuity would be reduced by 50 percent, because the employee pays only half and the employer pays half. However, I may suggest, Mr. President, that I think this discrimination shown in the bill is a serious one. I say in response to the suggestion made by the Senator from Wisconsin [Mr. La FOLLETTE] that it is a serious discrimination. If we admit, as we must admit, that the youth of today must be penalized in order to take care of the older persons of today, and if there be anything in the suggestion that the youth cannot complain, because his employer is contributing a portion of the money, then we had better modify this bill so that there shall not go to the credit of that youth the amount which the employer pays for him. In other words, it is provided that a total of 6 percent shall be paid in when the act shall become fully effective; 3 percent by the employer and 3 percent by the employee. If it be said that it is necessary to have such discriminations in order to take care of the aged people of today, then we had better change this bill so that there shall not go to the credit of that youth the entire 6 percent. Give him credit for the 3 percent which he contributes, and give him credit for 1 percent contributed by his employer, if that is all that can be done, or give him credit for 2 percent contributed by his employer, but whatever we do let us not deceive that youth by making him believe that here is an annuity plan whereby he is contributing 50 percent and his employer is contributing 50 percent, and that it goes to his credit, when, as a matter of fact, part of it is taken from him in order that we may take care of the older people of today.

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 contribute a like amount in order to take care of the employee in his old age. But if we do it, we ought to do it upon a straight and fair basis where every man who is an employee and pays in and every employer who pays in for him should be given credit for all the sums of money paid in on the employee's account. I think the discriminations here are so serious that we ought not to pass much of this measure at this time; I think they are so serious that we might well afford to give many months study, and, perhaps, years of study, before we enter into any such plan.

Now, Mr. President, I want to discuss for a few moments the possibility of creating or maintaining any such reserve fund as is here contemplated. It must be borne in mind that in order to create this fund there must be annual appropriations by Congress. It is contemplated that those annual appropriations shall be the amount of money collected from the employer and the employee; but does anyone doubt that when the Congress comes to these appropriations there would be manipulations so that the fund

would not be accumulated but would be used for current expenses of the Government?

Mr. President, we have a fine example of that—very slight, indeed, because of the amount involved—in the case of the civil-service retirement fund. I wonder if Senators realize that, while there is supposed to be something like a billion dollars accumulated in that fund and that the actuaries say there ought to be about a billion dollars accumulated in it, there has been practically nothing accumulated in that fund? I blame no particular person for it; I know when the Government needs money for some purpose the question may readily be asked why should not the Government, when it needs money for other purposes, take out of its till and put in some other place a certain sum of money that is necessary for some retirement fund? There is nothing in the civil-service retirement fund except an I O U. Of course, the I O U is perfectly good; nobody questions that; but I call attention to the seriousness of the situation when it reaches the sum of \$47,000,000,000.

May I inquire whether it is recognized to whom this \$47,000,000,000 will go? Who is to be in charge of that fund? It is estimated that the persons interested in it will be about 50 percent of the people who are gainfully employed; so somewhere between 25,000,000 and 30,000,000 voters of this Nation will be entitled to that \$47,000,000,000. In this democratic form of government, does anybody think that the Congress can resist the demands of those 25,000,000 people with respect to that \$47,000,000,000 of money? If we should ever be fortunate enough to accumulate any such fund as that, does anyone doubt that there would be proposals in the Congress to loan to the persons interested certain sums from the amount that has been accumulated? Does anyone doubt that there would be formed all over this land organizations that would want the Congress to give them a part of that \$47,000,000,000 before they reached the age of 65? Think for a moment of what would happen in this land of ours if 25,000,000 people at the time the depression hit us had in the till somewhere, \$47,000,000,000. Does anyone doubt that such a demand would have been made upon the Congress as would have destroyed the greater portion of that fund?

Mr. President, I submit that in a democratic form of government where a fund is created for the benefit of twenty-five or thirty million people Congress itself would be as helpless as a child, because the man who should not respond to the demand of a group of voters such as that would simply give way to another man who would respond. That has been common experience in this country, and could be demonstrated by precedent after precedent.

Mr. President, I do not wish to take a long time discussing this matter, but I should like to bring some of the facts to the attention of the Senate in order that we may better realize just what we are getting into. I desire to call attention to the cost of this plan. There has been placed on the desk of each Senator, I think, a copy of the "Data requested of the Secretary of the Treasury by Senator JESSIE H. METCALF and submitted by the Railroad Retirement Board on June 4, 1935." It is my understanding that this is an official statement of the cost of this proposed plan.

I desire to call attention to certain figures which are supplied in the tables submitted. It will be observed in column 7 that without title II—that is, taking the grants and aids to States on condition that the States will contribute as much as the Federal Government contributes, by 1980, or a period of some 43 years, there will have been expended \$39,059,600,000 during that 43-year period. That figure has been described by certain Government officials as being shocking, and it has been stated that we cannot afford any such scheme as that.

In column 8 is given a figure that shows what it will cost if we adopt title II. It must be borne in mind in considering these figures and this estimate that only about 50 percent of the people come under the plan of title II, leaving the other 50 percent of the people to be taken care of as they would be taken care of without title II. There

are two estimates of those figures. To the first there is a note attached to column 8 which reads as follows:

Basis A: Estimates of the consulting actuaries of the Committee on Economic Security, assuming (1) old-age-benefit plan similar to that in title II in effect; (2) dependency ratio of 15 percent in 1936, increasing to 20 percent in 1937—

And so forth. The total under that plan is \$26,553,200,000.

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 \$26,553,200,000, 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 \$78,734,800,000.

I call attention also to column 14, showing that the necessary interest to keep this fund intact is \$31,749,900,000.

So while it is true, if it were paid out of the Federal Treasury without title II under the plan of grants and aid, as is provided in a part of the pending bill, assuming these figures to be correct, the total amount necessary to appropriate would be only a little more than \$39,000,000,000; but if we take the figures of the consulting actuaries of \$26,553,000,000, and add the tax of \$78,734,800,000, plus the \$31,749,900,000 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 will have to be paid by 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 Nation, is actually \$78,000,000,000, 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 costs would be. I should like to invite the attention of the Senate to them. If anyone finds that my figures are incorrect, I should like to have my attention called to it. I am speaking only of title II. Nothing I said with respect to expense has anything to do with title III, which refers to unemployment insurance.

Let us take title II alone and assume the figures to be correct. Let us take column 8 as representing the actual expense to the Federal Government, column 12 as being the actual amount of money collected, and column 14 the actual amount of interest to maintain the fund. It will be found that in the year 1950 the tax upon every State in the Union for that year alone would be 30 times the number of people living in each State in the year 1930. That is to say, if we take the State of Mississippi, which has something like 2,000,000 people in it, and assume that that State pays its share, it would cost the people of Mississippi a little more than \$60,000,000 for that one year 1950 alone.

What would be the cost of the 15 years between now and 1950? In order to obtain accurate figures, it is necessary to multiply the number of people living in the State in 1930 by 250. If we take Mississippi as an illustration, it would cost the State of Mississippi, assuming that it pays its full share of these expenses, \$500,000,000.

If we take the first 44 years, or until 1980, in order to find out what it would cost any particular State for that period, we multiply the number of inhabitants now living in the State by 1,365. If we take the State of Mississippi as an illustration and multiply the inhabitants of Mississippi, 2,000,000 in number, by 1,365, we find that it would cost that State a tremendous sum of money.

On the other hand, if we do not take title II, but take the same figures in order to get the amount of costs in 1950, we multiply the number of inhabitants of the State by

6 as against 30. For the 15 years we multiply by 65 instead of 250. In order to get the total up to 1980 we multiply by 325 instead of by 1,365.

Mr. President, I cannot conceive of this much money being paid for any purpose unless it be a tax upon the consumers of the Nation. As was suggested to me a moment ago, this is a huge sales tax in most instances. Of course, that is not true in some instances, because it is not a direct sales tax, and in a great many instances it will be impossible to pass it along to the farmer or to the other classes of persons who are not to be benefited by the bill. I invite attention to the fact that the farmer who is exempt, the domestic who is exempt from the bill, the other persons who are exempt; namely, about 50 percent of the people of the Nation, will pay no tax and will derive no benefit from the plan, and I ask how anybody expects those people ultimately to escape a tax which every consumer is bound to pay under the plan in one form or another?

The PRESIDING OFFICER (Mr. LEWIS in the chair). Will the able Senator from Delaware permit the Chair to inquire what was the source of the figures called actuarial? Will the Senator state to the Senator from Illinois, who now occupies the chair, through what source those actuarial figures came? What was the source whence the figures actually emanated?

Mr. HASTINGS. The source was a member of the committee, as I recollect. The statement is headed, "Data requested of the Secretary of the Treasury by Senator JESS H. METCALF and submitted by the Railroad Retirement Board on June 4, 1935." I think it was Mr. Latimer who submitted the figures. There is no question about the accuracy of the figures. I think no one will dispute their correctness.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Utah?

Mr. HASTINGS. Certainly.

Mr. KING. I may say that Mr. Latimer is recognized as probably one of the best actuaries in dealing with labor statistics and annuities in the United States, and is the head of one of the most important boards of the Government.

Mr. HASTINGS. I thank the Senator from Utah.

Mr. President, Mr. M. A. Linton was one of the consulting actuaries and is an outstanding actuary of the country. I desire to quote two or three paragraphs from a speech made by Mr. Linton before the Academy of Political Science in New York, in which he said:

The original bill provided, as has already been pointed out, for a heavy Federal subsidy running over one billion a year for 45 years hence. In order to remove this undesirable feature the Secretary of the Treasury proposed the increased rates of tax embodied in the new bill. The purpose was to "facilitate the continued operation of the system on an adequate and sound financial basis, without imposing heavy burdens upon future generations." The schedule accompanying the Secretary's proposals showed that the deficit had been removed and that by 1980 a reserve fund of nearly 40 billions (assuming inclusion of the same occupation groups as are in the present bill) would have been created.

Let us examine a little more closely into the manner in which the balance was accomplished. Suppose we should start out on the assumption that the pensions we are going to pay to those who are aged 20 or over when the plan starts, will be paid for in full on an actuarial basis by that same group of individuals. That is to say, we shall not attempt to pass on to posterity any part of the cost of these pensions. The adoption of the plan would call for a level contribution from the very start, probably in excess of 8½ percent of pay rolls. The rates of contribution suggested by the Secretary started at 2 percent and increased to 6 percent in 12 years. In view of the higher figure mentioned above, how can the proposed scale of contributions produce a balanced system?

The answer is that after 12 years when the uniform rate will be 6 percent we shall be charging the new workers coming into the system say at age 20, a rate that is upward of 40 percent greater than the true actuarial premium for the benefits they will receive.

When the young men of the future ask why they and their employers should have to pay so large a rate, the answer will be that years before their fathers and grandfathers had made promises to each other which they did not have the money to carry out in full. Therefore, they conveniently decided to pass on the deficiency by assessing a surcharge against their children and grandchildren. When the workers of the future come to appreciate fully the origin of this surcharge, are they not likely to make strenuous efforts to shift it to the general revenue fund?

Mr. President, here **is** a statement that instead **of** the amount of 6 percent being all 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 penalizing of the youth for the benefit of the older person, we still shall 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. Unfortunately, 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, 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; but if that change were made in the bill, would the Senator 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 said 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 worker. It really comes from the part of the fund 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.

Mr. HASTINGS. I may say to the Senator, in order to meet the objection which the Senator has just suggested, namely, that the employee cannot criticize because part of this fund will have been contributed by somebody else—that, as I stated before, that fact will be ignored by him, because he will say, "In the first place, I never did get enough wages. I ought to have had more wages in the first place. This contribution by my employer was made for my benefit, and I am going to have it." I think that is so serious a matter that I should be inclined to give the employee, say, credit for only 2 percent of what the employer contributed, and use the other 1 percent to make up for the discriminations which are contained in the bill, if I make myself clear.

Mr. WAGNER. Yes; I understand the Senator.

Mr. HASTINGS. I would have the employer contribute 1 percent for the general fund in order to get rid of that discrimination. I really think it is a serious matter.

Mr. WAGNER. The reason why I am **pressing** the question, of course, is that I wished to ascertain whether the Senator was simply attempting to **find** flaws in the proposed **legislation**—

Mr. HASTINGS. **No.**

Mr. WAGNER. Or whether, **if this** correction were made by restoring the old tax rates, the Senator would support the **legislation**.

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 go into the 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 the 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 give 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 day, 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.

They have no real, permanent security. 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 shall take 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 assurance, 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**.

Was any **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 employee: 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 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, 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 that amount?

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 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 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 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 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 to make a Federal contribution of \$15 a month dependent 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

miscrable poorhouses, county farms, where the living is of the most meager kind. Does not the Senator from New York, who has given so much time to this matter, and understands it so well, think that we ought in this provision of the bill to take into consideration something other than the general principles which obtain with reference to security legislation?

I know perfectly well that there will be hundreds of thousands of old people who will really die of nonnutrition if more is not done for them than would be done under the pending measure.

Would it not be practicable to make a better allowance, and not make the additional allowance dependent wholly upon State action? Let the State make an allowance equal to, say, \$15 if it can, because most of the States are unable to go beyond that, and let the National Government make an additional allowance, which it will take out for a limited number of years without any other allowance by the State.

Mr. GEORGE. I was going to make the suggestion that at least the Federal Government might take care of that full pension for a limited period of years, until the States were in position and had by appropriate legislation been able to set up the old-age-pension laws, even if for no more than for 2 or 3 years.

Mr. BORAH. I think something of that kind ought to be done.

Mr. WAGNER. May I make this suggestion to the Senator: Thirty-three States have already set up machinery to take care of their dependent old people. So there are only 15 States that have done nothing.

Mr. BORAH. Fifteen States.

Mr. WAGNER. But the Federal Government is taking care of those not under State law, for the period of time which the Senator from Georgia [Mr. GEORGE] suggests, by direct relief, and in addition the Federal Government is now supplementing local efforts by helping a great many of the old people in all the States. The provisions of this bill are designed to add to these efforts and also to act as an incentive to the States to be a little more generous in the care of their old by matching their efforts dollar for dollar. This proposal is much more than the Federal Government ever contemplated before the serious depression.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. BONE in the chair). Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I yield.

Mr. LONG. I also wish to attract the attention of the Senator from New York [Mr. WAGNER]. As I understand, this bill purports to give a pension to those who are on charity. I have received statistics from the Census Bureau by which I will show that those who are actually dependent upon charity will by the provisions of this bill receive out of the Federal Treasury about 60 cents a month. I have statistics to show that this is not a pension at all. This is not much more than a paupers' bill.

Mr. BORAH. May I say to the Senator from New York that it has been brought to my attention that a number of these elderly people, 65 years of age, at the end of 4 or 5 years of depression have now been turned back to the counties and to the States; they have been taken off relief; the State has been asked to take care of them, and the county has been asked to take care of them, and the county and the State are undertaking to take care of them by means of the poor farm, and so forth. That leads me to believe that the National Government ought to do more than to make a contribution of \$15 a month and make that dependent upon the proposition of the State also putting up \$15, because there is an element of relief in this matter, aside from the question of preparing a general scheme of security.

Mr. WAGNER. I agree absolutely with the Senator from Idaho, and the Senator knows that I would be willing to go as far as anyone in this body. Perhaps whatever criticism has been directed at me has been due to the fact that I have been anxious to do too much in that regard.

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 passed 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 are citizens 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 made 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 33 States which have enacted pension laws have the machinery with which they ascertain this fact. As fast as the States ascertain 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. Mr. 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 take hold of 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. Mr. President, I may 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 shortly when we shall give these old 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 \$30, 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 unemployables 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 2 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 2 years from the 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 like 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 the 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 benefit 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 inject 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 and advantages as are accorded 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 had it not been for constitutional provisions the general assembly might have passed the bill over 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 Mississippi, 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 15 States we will have no help for them whatever.

Mr. WAGNER. I will repeat what I have heretofore 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. I yield the floor.

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 stated.

The CHIEF CLERK. It is proposed by Mr. LONG to amend the bill as follows:

First. On page 2, lines 3 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, strike out the word "needy."

Third. On page 2, line 7, strike out the figures "\$49,750,000", and insert in lieu thereof the figures "\$3,600,000,000."

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

with the quarter commencing July 1, 1935, such proportion of the amount appropriated as the number of persons over the age of 60 in such State shall be to the total number of persons over the age of 60 in the United States, to be calculated according to the latest official reports of the United States census. That the same shall be remitted to each State solely on condition that it make due and legal provision to pay the same in equal sums to all persons in the said State who are over 60 years of age and whose net income during the preceding 12 months was less than \$500, or whose ownership and possession of property is of a value less than \$3,000; and nothing hereby provided shall prevent any State or subdivision thereof from providing additional pension to any person from the revenues of such State or subdivision thereof.

Seventh. On page 16, beginning with line 16, strike out down to and including line 21 and insert in lieu thereof the following:

SEC. 301. For the purpose of enabling each State to furnish financial assistance to persons who are unemployed and who receive no benefits under title I of this bill, there is hereby authorized to be appropriated, for the fiscal year ending June 30, 1936, the sum of \$1,000,000,000, and for each fiscal year thereafter the sum of \$1,000,000,000 to be used as hereinafter provided.

Eighth. On page 17, beginning with line 9, strike out the following:

The Board shall not certify for payment under this section in any fiscal year a total amount in excess of the amount appropriated therefor for such fiscal year.

Ninth. On page 19, line 24, after the word "State", change the period to a semicolon and add the following:

Provided, That the said State agency shall have right to contest any and all findings of such Board in a suit filed in a United States district court in the said State.

Tenth. On page 20, line 11, strike out the figures "\$24,750,000" and insert in lieu thereof "\$1,000,000,000."

Eleventh. On page 20, line 13, strike out the words "a sum sufficient" and insert in lieu thereof the words "an equal sum."

Twelfth. On page 21, line 6, after the word "agency", strike out the semicolon and insert the following: "with right to appeal to the courts of the State;"

Thirteenth. On page 21, line 22, beginning with the figure "(1)", strike out the figure "(1)", and all of line 23 and 24, and lines 1, 2, and 3 on page 22.

Fourteenth. On page 22, line 10, strike out the word "one-third" and insert in lieu thereof the word "three-fourths."

Fifteenth. On page 23, line 5, strike out the word "two-thirds" and insert in lieu thereof the word "one-fourth."

Sixteenth. On page 24, line 25, after the word "State", change the period to a semicolon and insert the following: "the said State agency shall have the right to contest in a district court of the United States the action of the said Secretary of Labor to be filed in such court in the State wherein said State board may be domiciled."

Seventeenth. Beginning on page 44, strike out all of title VIII, and insert in lieu thereof the following:

TITLE VIII. REVENUES FOR PURPOSES HEREIN PROVIDED

SECTION 1. In addition to other taxes levied and collected there shall be annually levied, collected, and paid upon the wealth or property owned by every individual a tax thereon in accordance with the following provisions, viz:

(a) One percent on the value in excess of \$1,000,000 and up to and including \$2,000,000.

(b) Two percent on the value in excess of \$2,000,000 and up to and including \$3,000,000.

(c) Four percent on the value in excess of \$3,000,000 and up to and including \$4,000,000.

(d) Eight percent on the value in excess of \$4,000,000 and up to and including \$5,000,000.

(e) Sixteen percent on the value in excess of \$5,000,000 and up to and including \$6,000,000.

(f) Thirty-two percent on the value in excess of \$6,000,000 and up to and including \$7,000,000.

(g) Sixty-four percent on the value in excess of \$7,000,000 and up to and including \$8,000,000.

(h) Ninety-nine percent on the value in excess of \$8,000,000.

SEC. 2. The said taxes shall be levied and collected annually, shall further allow to the taxpayer the opportunity to make payment of the same in cash or in kind, and the Treasury shall make disposition and handle the same in accordance and subject to the provisions contained in said title IX.

SEC. 3. Such sums as are collected hereby as are in excess of the requirements under the provisions of this act shall be used for the other lawful purposes of government, to include future legislation of Congress to provide the families of the United States with reasonable homesteads and the comforts thereof.

Eighteenth. Beginning on page 52, line 8, strike out all of title IX.

FORCE OF LAW BRING ABOUT REDISTRIBUTION OF WEALTH

The PRESIDING OFFICER. The Chair is not certain whether the Senator from Louisiana is in order in speaking on his amendment or amendments for the reason 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. Does the Senator from Louisiana desire to have his amendments considered en bloc?

Mr. LONG. I would.

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 that 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 stated 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 does. 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 listens to everything I say. I am satisfied, too, that he will not get as much good as I do.

Mr. President, there are 10,335,120 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 agree. I shall give the Senator better figures than that. I shall give some figures which have been published by life-insurance companies. The only thing I have now are some figures which I clipped out of an insurance publication. This reads:

What happens to the average man of 25 upon reaching the age of 65? Only one will be wealthy.

We had considerable trouble locating this advertisement. I thought I could get it by telephoning the insurance companies, but I learned that they claimed they did not have it or they had forgotten all about it. I am sure they were in good faith. I located it because it had been recopied in a well-known newspaper in this country. Then I telephoned the insurance companies 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 well to do and able to enjoy comfort and recreation. Five will be working for a living with no prospect of relief from drudgery. Thirty-five will have died, in many cases leaving a family in need of some assistance. Fifty-five will be dependent upon friends or relatives for charity.

Of all those about 65 or 70 years of age who are left alive, 55 will be dependent upon charity. This was a statistical compilation made during pretty good times. The condition is much worse now, because our own data show it is somewhere around 96 percent of our people who are earning below a subsisting living.

If we are going to pay a pension that is going to amount to anything, certainly we ought not to begin a pension too far away from the average unemployable age. Fifty years of age is almost an unemployable age, except for men of talent and skill, and I do not mean manual skill. Sixty years of age at the very worst is the furthest age at which we should consider awarding a pension. I am going to argue this on the basis of 60 years of age, and then I am going to argue it on the basis of 65 years of age, and I shall show how impossible the whole scheme is on the basis of either 60 or 65 years of age.

Let us, for the purpose of argument, not count the 385,000, because most of them are dead by now, having gone through some of the years 1933 or 1934 or a part of 1935. Thus there would be 10,000,000 people drawing \$49,000,000 a year out of the Federal Treasury. Deducting one-third—which is more than the census shows and which is more than the life-insurance companies show—deducting from the 10,000,000 people one-third, who are either wealthy or able to take care of themselves, would mean that \$49,000,000 a year, or \$4,000,000 a month, would pay those left about 56 cents per month apiece.

If the entire \$49,000,000 which is covered in the bill is going to those found to be needy by the statistics of the Government and by the statistics of private people and by the statistics of the life-insurance companies, we would pay them about 56 cents per month out of the United States Treasury if we gave a so-called "pension" to everybody who is 60 years of age or over. Of course, it might be \$1 if we raised it to 65 years of age; it might be \$2 if we raised it to 70 years of age; it might be \$3 if we raised it to 75 years of age, or \$4 if we raised it to 85 years of age. I am talking about an age when a pension should start. I shall prove in a moment that raising it to 65 years of age would still leave an impossible situation under the bill.

There is only one way we are going to be able to pay a pension. We cannot pay it from ordinary sources of taxation. The United States Government cannot support a pension law from the ordinary sources of taxation which now prevail. It is impossible to do it. The United States Government cannot today pay its own costs of operation from present resources, to say nothing of the bonds which it has

accumulated for payment in the future. The United States Government cannot support any kind of worth-while pension project unless there is revenue to be raised from some source not yet tapped, and a material source at that. I have advocated raising income taxes, but that will not bring in so much more; in fact, really not near enough when compared to what will be needed.

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 gratuity of the Federal Government to keep their schools open. They are having to rely upon the Federal Treasury for unemployment relief. They are having to rely upon the Federal Treasury for the most ordinary kind of revenue to support the State government. Talk about making the State treasury match the contribution of the Federal Treasury in order to get relief! We might as well say that they have to discontinue 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, if we say to a State, "We are willing to give you Federal help for an old-age pension provided you match that help", we are the same as saying to the State, "You have either a physical impossibility in one direction or an impracticability in another direction, because you have to curtail some of the expenditures you are now making 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 doubt if any of 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 were called upon, according to the life-insurance companies' statistics, to put up \$15 a month for every man over 60 years of age who, by the records we now have, is shown to be dependent on charity for support, the State of Louisiana would have to give more money than its entire taxing resources amount to at the present time. We should have to double the present taxes in the State of Louisiana if we were to pay \$15 a month to every man who is over 60 years of age, who is to some extent dependent upon charity for a living, either of outsiders or of his own immediate relatives. If we were to undertake to take care of the whole of that class of people at \$15 a month, the State of Louisiana would have to double its taxing resources in order to pay the amount that would be required, and it is not possible for that State to do it; and if it is not possible for that State to do it, then I know it is not possible for any other Southern State to do it.

Mr. President, I desire to make this further correction in the bill: I wish to speak of the unemployment feature, and ask the Senate to consider what I am saying as a whole.

In the unemployment feature there is donated a sum of about \$24,000,000, perhaps \$40,000,000—I 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 \$49,000,000 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 appropriate 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, what assurance have we that forty-nine or fifty million dollars or \$24,000,000 is going to be sufficient for that purpose in 1936?

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 such 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 arbitrarily 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 one of the rules of the bureau or one of the laws of Congress, and thereupon, ipso facto, they cut them off the list and decline to send them any money at all.

As the bill is now presented to the Senate, 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 unemployment-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 annul the suspension 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 arbitrary actions and arbitrary orders of boards and bureaus and commissions and bureaucrats will have to be suspended by lawful processes of the courts. Otherwise we shall have an arbitrary rule which will become the standard, instead of a judicial and a righteous and a justifiable 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 unemployment 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 contribution 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—if all of 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—

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I yield.

Mr. TYDINGS. I should like to ask this of the Senator from Louisiana; what will be the annual cost of administering 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. So that we would need, in round numbers, from nine to ten billion dollars a year upon which to operate the Federal Government in order to carry out the Senator's plan?

Mr. LONG. Yes.

Mr. TYDINGS. As I understand it—and I recite my figures from memory—the national income is around fifty or sixty billion dollars a year.

Mr. LONG. It was forty-two billion last year.

Mr. TYDINGS. From the forest, the factory, the mine, and the farm. That means, then, that the Federal Government 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 levy before the fortunes in 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 millions, which is the outside amount any 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 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 been 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 I do not see how some of the States, as the Senator himself has pointed out, can raise the sums of money 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. If the States cannot match the plan, and the plan of the Senator is not feasible for one reason or another, it strikes me that if the proposed act is to have real effect some means of raising the money will have to be found other than taxing the States to put up 50 percent.

Mr. LONG. The Senator is right, and I think I can explain to the Senator very readily the answer to the question he has asked.

Mr. TYDINGS. Does the Senator mind my asking another question, rather than wait for an answer?

Mr. LONG. I am glad to have the Senator ask his question.

Mr. TYDINGS. Perhaps the Senator can develop the whole thing at one time. How many people in the United States would have two and a half million dollars' worth of property after the Senator's plan had been in effect 10 years, as near as he can estimate?

Mr. LONG. There would be a much larger number of millionaires than at the present time. This is only a guess, but I should say there would be four times the number of millionaires there are now.

Mr. TYDINGS. The Senator feels that through a capital levy and expenditures of the money the opportunities for doing business would be increased?

Mr. LONG. There is no question about that.

Mr. TYDINGS. So that more people would earn more money and less people would earn less money?

Mr. LONG. The figures show that.

Mr. TYDINGS. Has the Senator any illustration in his history where this has been done successfully?

Mr. LONG. I have the illustration of a few years back in the United States, when we had a little bit less centralization of wealth, and our national income was around \$95,000,000,000. I have the national surveys conducted under the joint authority of the F. E. R. A. and the housing authorities, which show that there actually was an income of \$4,317 average per family available.

Mr. TYDINGS. Let me ask the Senator this question, and I am not taking issue with him. I am trying to develop his thought, because he has spoken of this several times—

Mr. LONG. Several hundred times.

Mr. TYDINGS. And this question has always been in my mind. Suppose the Senator were wrong in assuming that more people would have \$2,500,000 than he supposes would have that sum. Where would we get the revenue in case his calculation miscarried, to carry on this plan, after the capital levy had mowed down the larger fortunes?

Mr. LONG. I am coming to all that.

Mr. TYDINGS. Let me say, in connection with this, that the Senator must realize that the \$3,500,000,000 of normal expenditures which we now have to meet are predicated largely upon incomes derived on the larger fortunes.

Mr. LONG. That is right.

Mr. TYDINGS. So that if we destroy the larger fortunes, we destroy also the incomes from those fortunes, and therefore we would have to carry the income brackets down to the man with less income in order to make up for the losses on the man with more income.

Mr. LONG. That would be very fine.

Mr. TYDINGS. So that the man of moderate means would have to pay more income tax in order to give the Government the same return if the larger fortunes were leveled. Is that correct?

Mr. LONG. Hardly. Let me illustrate, and answer 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 in 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 million 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 men who could contribute this money?

Mr. President, this is the answer to that: The beautiful thing about it is that when we cut down the size of the big fortunes, when we level down the 10 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, there will be practically no such thing as a social-relief program. We will have no such problem left, if we do as was said by the Pilgrims, 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 monstrous fortunes to the point where there will be only 600 people in the United States with buying capacity and allow 24,000,000 families to have buying capacity, then the social-relief problem will become nil.

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 himself has 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 hundred 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 and years before we ever heard of the law of inheritance, all property went to the government on the death of a man and 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. He can take out whatever he may desire from his profits. He can pay it in cash. He can pay it in kind. He can retain such ownership as he may desire of the property, which he may have up to the limit the law allows. In this case about seven or eight million dollars would be the limit he could retain after the first few years, and he would naturally have to whittle down as the years went by.

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

Mr. LONG. I yield.

Mr. TYDINGS. The Senator, however, ought to make a distinction. When one of Mr. Rockefeller's children or five or six of his children have his fortune divided among themselves, they simply inherit securities. The Senator now inferentially answers my question. Does he mean that the Government would have given to it, in lieu of money, a certain percentage of the securities which Mr. Rockefeller owned, such as an heir at law would receive?

Mr. LONG. It could; yes.

Mr. TYDINGS. Then the Senator's plan would be that the Government would acquire—

Mr. LONG. Property.

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 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 his 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. To begin 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 I have finished answering that, 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 clogged 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 decentralize 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 portfolios 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. 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. I 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 Senator said the 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 I will repeat to the Senator. The point is, the Government, as I said, will undertake to release and to diffuse this property 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. How can it do it? The Government first finds an enlarged purchasing market to begin with, because prop-

erty ownership and ownership of wealth have been decentralized. Here is a man who can go 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 dominates a chain-store enterprise squeezes everybody out of the grocery business except some man who is a peon under the chain-store system. Those times are at an end. Those things known as the "chain factories, the chain banks, and the chain enterprises" cannot thrive, and therefore peonage 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 at enhanced values through a reasonable period of time to a better-equipped purchasing public. That is no. 1.

No. 2. Let us say, however, that we find, as the Senator 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 which 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 when we would level the fortunes down to where no one owned more than two and a half million dollars? Whom would we tax? Then, Members of the Senate, is when our problem of social security has 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 compact which had been signed July 1 of that year, they provided that every 7 years property would have to be redistributed, and every 7 years debts would have to be remitted.

It is no trouble to redistribute wealth, Mr. President. I have not had the mind and the capacity possessed by some 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. 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. The Lord shows us in chapters 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—

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 correct.

Mr. LONG. I will try not to take that much time, because I desire to allow time for other discussion. I will not take much of my time. I want to allow time for others to consider this bill and I want to allow time to come back and answer questions which may arise in anyone's mind.

Mr. BONE. Mr. President—

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

Mr. LONG. I yield to my friend from Washington.

Mr. BONE. Can the Senator name for me any country in modern times that has ever undertaken a redistribution of wealth?

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

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

Mr. LONG. Will the Senator make it 300?

Mr. BONE. I will concede that much, then, and make it 300.

Mr. LONG. Very well. The first country I will name that has redistributed wealth during the last 300 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 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. 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 France enacted laws which forbade and prevented, from the day of the French Revolution, the concentration of wealth in the hands of a few.

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

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

Mr. LONG. I yield.

Mr. TYDINGS. The Senator could take a more modern illustration and cite the revolution in Russia.

Mr. LONG. No; the Russians did not redistribute wealth; I beg the Senator's pardon; they substituted an oligarchy of government for an oligarchy of finance; that is the difference. The czar still lives in Russia. The only difference is that it is supposed to be an ownership of government instead of an ownership of the earls, dukes, and lords. One is an oligarchy of finance, the other is an oligarchy of government; and one is as bad as the other. We, too, have been going along that line here for the last few years.

It is the N. R. A. of Russia the Senator from Maryland is referring to now. [Laughter in the galleries.]

The VICE PRESIDENT. The occupants of the galleries will refrain from any audible demonstration, or the Chair will have to order the galleries cleared.

Mr. LONG. What did they do in France? France had its revolution. When we read the histories we get very little from them, as they keep out most of the facts. We do not find in a single school history published in the United States today the compact of government under which this Government lived for nearly a hundred years; we do not find it published at all.

However, let me get back to what France did. When they got through redistributing wealth in France they adopted the provisions of the civil law under which it was provided that when a man died he could not leave his property to the most able son or the most able daughter to roll like a snowball down hill through another generation. On the contrary, it had to be divided, more or less equally, amongst all the children, and a certain amount of it had to go to the state; so if a man had, say, five children and died leaving a million dollars or even \$500, it went into five parts after the Government had deducted a part. That was the law. As those children died in succeeding years the property was divided into 3 and 4 and 5 other parts. 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 scourge after scourge, despite the fact that she has fought war after war and endured pestilence and 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 no. 1.

The second illustration is the United States of America. I have referred to what took place during and following the French Revolution. But where did they get the idea? They got it from America. The French Revolution was brought on as a result of the American Revolution, and as the result of events which preceded the American Revolution.

What had the Americans done? They had set up on the eastern coast, after landing at Plymouth, 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—debts 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 out a statement about that time 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 could 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, made a speech there in which he 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.

Those 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 1935; one might think I was reading about the United States in 1935.

We have mortgaged our lands, vineyards, 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 1935 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 now our flesh is as the flesh of our brethren, our children as their children: and, lo, we bring into bondage our sons and our daughters—

Mr. President, here is a statement that instead of the amount of 6 percent being all 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 penalizing of the youth for the benefit of the older person, we still shall 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. Unfortunately, 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, 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; but if that change were made in the bill, would the Senator 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 said 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 worker. It really comes from the part of the fund 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.

Mr. HASTINGS. I may say to the Senator, in order to meet the objection which the Senator has just suggested, namely, that the employee cannot criticize because part of this fund will have been contributed by somebody else—that, as I stated before, that fact will be ignored by him, because he will say, "In the first place, I never did get enough wages. I ought to have had more wages in the first place. This contribution by my employer was made for my benefit, and I am going to have it." I think that is so serious a matter that I should be inclined to give the employee, say, credit for only 2 percent of what the employer contributed, and use the other 1 percent to make up for the discriminations which are contained in the bill, if I make myself clear.

Mr. WAGNER. Yes; I understand the Senator.

Mr. HASTINGS. I would have the employer contribute 1 percent for the general fund in order to get rid of that discrimination. I really think it is a serious matter.

Mr. WAGNER. The reason why I am pressing the question, of course, is that I wished to ascertain whether the Senator was simply attempting to find flaws in the proposed legislation—

Mr. HASTINGS. No.

Mr. WAGNER. Or whether, if this correction were made by restoring the old tax rates, the Senator would support the legislation.

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 go into the 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 the 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 give 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 day, 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.

They have no real, permanent security. 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 shall take 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 assurance, 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.

Was any 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 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, 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 that amount?

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 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 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 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 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 to make a Federal contribution of \$15 a month dependent 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 \$2,000. 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 unto bondage already: neither is it in our power to redeem them; for other men have our lands and vineyards.

And I was very angry when I heard their cry 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 them, We after our ability have redeemed our brethren the Jews, which were sold unto the heathen; and will ye even sell your brethren? or shall they be sold unto us? Then held they their peace, and found nothing to answer.

Also I said, It is not good that ye do: ought ye not 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 their houses, 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 restore them, and will require 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.

Also I shook my lap, and said, So God shake out every man from his house, and from his labour, that performeth not this promise, even thus be he shaken out, and emptied. And all the congregation said, Amen, and praised the Lord. And the people did according to this promise.

Moreover from the time that I was appointed to be their governor in the land of Judah, from the twentieth year even unto the two and thirtieth year of Artaxerxes the king, that is, twelve years, I and my brethren have not eaten the bread of the governor.

In other words, he got down off his "high horse." They pulled those big rulers 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 palace on the Pacific slope, and the various and sundry cottages up in the Buffalo Mountains during the month of June. Never mind about the palaces on the coast of Florida in the month of January. Get down here and let these people have something to eat during these hard times." So we said, "Give up the bread of the rulers and get down off your 'high horse' until we bring this country back. 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 unto the people, and had taken of them bread and wine, beside 40 shekels of silver; yea, even their servants bare rule over the people: but so did not I, because of the fear of God.

Yea, also I continued in the work of this wall, neither bought any land: and all my servants were gathered thither unto the work.

Moreover, there were at my table an hundred and fifty of the Jews 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—

beside those that came unto us from among the heathen that are about us.

Now, that which was prepared for me daily was 1 ox and 6 choice sheep; also fowls were prepared for me, and once in 10 days store of all sorts of wine: yet for all this required not I the bread of the governor, because the bondage was heavy upon this people.

Think 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 ploughshares, and their spears into pruninghooks; nations shall not lift up sword against nation, neither shall they learn war any more, but each man shall live under his own vine and under his fig tree, and there shall be peace in the land.

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 this country. It is the very foundation of the French Republic, and it is also carried in the main writings of the world in principles 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 its wealth into the 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 deflating fortunes under the amendment which he has offered. I may be in error, but a hasty calculation suggests on the \$10,000,000,000 fortune which the Senator has used as an 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, yes.

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 \$98,933,500, leaving at the end of the second year, out of the \$10,000,000,000 fortune, \$7,716,500. By two levies made under the Senator's amendment the \$10,000,000,000 fortune would be reduced to \$7,716,500. 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 during this kind of times.

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 in 1929, when careful studies were made, France possessed 5.4 percent of the world's wealth, so that France did not have very much wealth to concentrate. The United States had 44.8 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 a country possessing 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 3.2 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 5 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 this to the Senator from Washington: It is true that this is deflating 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. Moore] now sits, or at about that point, I made the statement under Mr. Hoover: "This is 1932 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 Tories 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 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 promised the people to do that. I desire to say that I am willing to be liberal in framing this law, and if it is the consensus of opinion that 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. BONE. Mr. President, since the Senator 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 Senator's amendment. I had discussed the maldistribution of wealth a thousand times before I had the pleasure of meeting the Senator from Louisiana. In fact, I had occasion to discuss it for a great many years; and I hold in my hand a volume which is the final report of the Commission on Industrial Relations, which I procured about the year 1915 or 1916—

Mr. LONG. 1916.

Mr. BONE. A subject in which I was interested many, many years ago.

Mr. LONG. Let me have the book, and I will read the Senator something from it.

Mr. BONE. I should be happy to have the Senator put it in the CONGRESSIONAL RECORD.

Mr. LONG. No; I will read from this book that the Senator read from since 1916. Let me show the Senate what they said was the trouble with this country in 1916. I am glad to run across this book again. Let me find the conclusions of the majority of the Commission. I will read to the Senate

what they thought was the trouble in this country back yonder at a time when they first had this question up.

I want to find the majority report. It will not take me long to find it if I do not unduly tax the patience of my friends. I will read the whole thing. My friend from Washington and I will get together on his own book.

Let me see. It is somewhere here, if I can just find it. I know this is the same book. Where is the report of the majority of the Commission? Does the Senator know on what page it is to be found?

Mr. BONE. I cannot put my finger on it. If the Senator will give it to me, I will endeavor to find it.

Mr. LONG. I shall have it in just a minute. I will show, Mr. President, that this matter of the redistribution of wealth is just like the weather. They all talk about it; my friend from Washington talks about it; I talk about it; the party talks about it; but nobody does anything about it. They all believe in getting up and telling the people that they are going to redistribute wealth, but they do not believe in doing anything about it. I have never seen another bill here since I have been here, except the bills I have proposed, to do this; and yet the Democratic Party and the Democratic committees always say that they are going to redistribute wealth. It got to be so popular during the last campaign that in Madison Square Garden our old friend, Herbert Hoover, decided he had to say something about it, too; and he declared, in his expiring political moments there—a kind of a death-bed repentance, though it might have been—

My conception of America is a land where the wealth is not concentrated in the hands of the few, but where it is diffused into the lives of all.

He made that declaration himself along toward the close of the campaign, after we had gone over the United States promising everybody that we were going to do it under the Democratic Party.

I have found just about the place here, Mr. President. I will get it if I may yield the floor for a moment. I suggest the absence of a quorum while I look it up.

THE VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Logan	Reynolds
Ashurst	Copeland	Lonegan	Robinson
Austin	Costigan	Long	Russell
Bachman	Davis	McAdoo	Schall
Bailey	Dickinson	McCarran	Schwellenbach
Bankhead	Donahay	McGill	Sheppard
Barkley	Duffy	McKellar	Shipstead
Bilbo	Fletcher	McNary	Smith
Black	Frazier	Maloney	Steiwer
Bone	George	Metcalf	Thomas, Okla.
Borah	Gerry	Minton	Townsend
Brown	Gibson	Moore	Trammell
Bulkley	Guffey	Murphy	Truman
Bulow	Hale	Murray	Tydings
Burke	Harrison	Neely	Vandenberg
Byrd	Hastings	Norbeck	Van Nuys
Byrnes	Hatch	Norris	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Johnson	Overton	Wheeler
Chavez	King	Pittman	White
Clark	La Follette	Pope	
Connally	Lewis	Radcliffe	

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. A quorum is present. 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 control 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 where this is not true, the control of the industry through stock ownership in supposedly independent corporations and through credit 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 with a very small number of persons. For example, in the United States Steel Corporation, which had in 1911 approximately 100,000 shareholders, 1.5 percent of the stockholders held 57 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 Trust. Ten men owned 60 percent of the entire American Tobacco Co.

6. Almost without exception the employees of the large corporations are unorganized, as a result of the active and aggressive nonunion policy of the corporation managements.

Mr. President, I shall not read any further from this particular report, except to say that at another point in this report will be found the statement that the main fault with America in 1916 was the concentration of wealth in the hands of the few. That was the entire burden of this report, which was submitted in 1916.

Mr. President, I do not propose to take any more of the time of Senators. I have discussed this amendment many times in other forms. I do not expect it to be adopted. I desire to be perfectly frank with my good friends in the Senate. I do not expect the amendment to be adopted. I expect it to be used as part of the platforms in many, many candidacies for the future, as it has been in the past; and I expect it probably to be used as a part of the platform of the Democratic Party the next time, the same as it was the last time; and I expect the party to come back here, if it comes back here, probably, if there are enough of us left, to do then as we are doing now; but I warn my friends of the Senate that if we are concerned in saving America and in saving the people of America, we shall have to stop promising this, and actually perform.

Now I wish to ask my colleagues if they recollect how laboriously the pleading was that the party had promised this and it had promised that a few days ago.

I remember how we labored and how we said that this was "promised by the party", that "it has been promised, it has been promised, and we have to do it." Yet here we are, in the third year of the Democratic administration, with something that has been promised, that has been pledged, but nothing done toward its fulfillment.

Mr. SCHWELLENBACH. Mr. President—

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

Mr. LONG. I yield.

Mr. SCHWELLENBACH. Has the Senator completed his discussion of his plan?

Mr. LONG. Go ahead.

Mr. SCHWELLENBACH. I should like to ask the Senator whether or not he was correctly quoted in yesterday morning's paper to the effect that he referred to me as "Kemal Pasha."

Mr. LONG. No; I was not correctly quoted.

Mr. SCHWELLENBACH. The Senator was not correctly quoted?

Mr. LONG. No; I was not correctly quoted.

Mr. BONE. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield for a question, or does he yield the floor?

Mr. LONG. I yield the floor.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was rejected.

Mr. NORBECK. Mr. President, I desire to offer an amendment.

The VICE PRESIDENT. The Chair is informed that there was an agreement originally entered into by which committee amendments should be considered and disposed of before

individual amendments were offered. The Chair is informed that there is a committee amendment which has not been agreed to. The Chair did not know that, but assumed that the agreement had been carried out.

Mr. HARRISON. Mr. President—

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Mississippi?

Mr. NORBECK. I yield.

Mr. HARRISON. There is one committee amendment, with reference to the annuity bonds, yet to be acted on. The Senator from Connecticut is very much interested in it, 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.

The VICE PRESIDENT. The Senator from Mississippi 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 pensions to those people who are not included in the social-security bill. I have reference to the wards of the Government, the Indians. They are concentrated in half a dozen States and seem to have been entirely overlooked. I am offering the amendment as section 1201 and will ask that the other sections be renumbered to correspond, if the amendment shall be agreed to.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 80, after line 4, it is proposed to insert the following:

TITLE XII—INDIAN PENSIONS

SECTION 1201. That heads of families and single persons of Indian blood not otherwise entitled to the benefits of this act who have heretofore attained or shall hereafter attain the age of 60 years are hereby declared to be entitled to a pension from the United States in a sum of \$30 per month, subject to the following conditions:

Applications for pension by persons of Indian blood, as herein defined, shall be made in writing in such form as the Secretary of the Interior may prescribe and shall be filed by the applicant with the superintendent or other officer in charge of the agency or tribe to which the applicant belongs. Upon receipt of any such application the Secretary of the Interior shall make, or cause to be made, such investigation as he may deem necessary to determine the accuracy of the facts shown thereon, including the annual income of the applicant from other sources. In all cases where the Secretary of the Interior finds that the annual income of such applicant is less than \$1 per day, said Secretary shall award to such applicant a pension in an amount which, when added to the other annual income of such applicant, will bring such annual income up to but not in excess of \$1 per day: *Provided, however,* That payments to Indian pensioners entitled hereunder shall be made in equal monthly installments from the date of approval of application therefor by the Secretary of the Interior and in the discretion of said Secretary such payments may be made direct to the individual beneficiaries, 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 such payments due any Indian beneficiary may be handled in accordance with regulations governing individual Indian money accounts and the Secretary of the Interior is hereby authorized to prescribe such further rules and regulations as may be necessary for carrying out the provisions of this section.

Sec. 1202. The Indians and Eskimos of Alaska shall receive a pension under same conditions and in an amount one-half that provided for Indians under this title.

Sec. 1203. There is hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this act, including necessary expenses of administration.

Mr. HARRISON. Mr. President, I desire to look the amendment over and to have it examined by the experts, and I ask the Senator if he will not withhold it.

Mr. NORBECK. Mr. President, I desire first to modify the amendment by changing the age of 60 years so that it will read 65 years to conform to the provisions of the bill. I agree to the suggestion of the Senator from Mississippi.

Mr. HARRISON. I ask the Senator to withhold the amendment until tomorrow, and we can look into the matter.

Mr. NORBECK. Will the amendment be pending tomorrow?

Mr. HARRISON. It may be tendered tomorrow.

The VICE PRESIDENT. Does the Chair understand the Senator from Mississippi to ask unanimous consent that the amendment go over?

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.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 52, after line 7, it is proposed to insert the following:

TARIFF ADJUSTMENT

Sec. 812. (a) Upon application of any employer, the United States Tariff Commission is authorized and directed to make an investigation under section 336 of the Tariff Act of 1930 with a view to determining whether any increase in rates of duty imposed by law in the case of any article or articles is necessary to offset the tax imposed by section 804 and/or section 901 in order to equalize the differences in the cost of production pursuant to the principles set forth in such section 336. The Commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the Commission finds it shown by the investigation that by reason of the taxes imposed by section 804 and/or section 901 the duties imposed by law do not equalize the differences in the cost of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the Commission shall specify in its report such increases in rates of duty imposed by law (including any necessary change in classification and including the transfer of the article from the free list to the dutiable list, and without limitation as to the amount of increase except as provided in the second sentence of section 336 (g) of the Tariff Act of 1930) as it finds shown by the investigation to be necessary to equalize such differences.

(b) Upon receipt of the report of the Tariff Commission the President shall proclaim the rates of duty and changes in classification specified in the report of the Commission, and thereupon the increased rates of duty and changes in classification shall take effect in accordance with the provisions of section 336 (d) of the Tariff Act of 1930.

(c) This section shall be enforced as part of the customs laws.

Mr. VANDENBERG. Mr. President, the philosophy of the amendment is self-evident. I make a very brief statement respecting it.

It is my understanding that the theory upon which we are now asked to depart from State jurisdiction in respect to fixing old-age pensions and unemployment-insurance payments is that if it be left to the individual States there will be discrimination as between the States, and one State which may be generous in respect to old-age pension and unemployment-insurance payments will find itself at a disadvantage in competing with a State which is less generous.

Admitting, for the sake of the argument, that this principle is appropriate—at any rate, it is the principle upon which the proposed legislation is based—I submit that precisely the same argument applies to the competition which may exist between a country which is generous in respect to its old-age and unemployment allowances and a country which is less generous.

This becomes particularly and specifically true when we are proposing to pay our bills by a tax upon pay rolls, because a tax upon pay rolls inevitably enters into the domestic American cost of production in every instance, and if the injection of the 3- or 4- or 5-percent pay-roll taxes in the United States will increase the domestic cost of production to a point where the existing tariff rates do not cover the differential, then we shall have simply created a situation by such pay-roll tax which will invite importations which will make it impossible for these protected American industries to have any pay rolls or pay any taxes.

It seems to me that if the philosophy is sound as between the States, it is equally sound, nay, more, it is even sounder as between nations, and I shall undertake to demonstrate that fact.

It is said that one State cannot be left with its problem alone, lest it find its industries drawn off into some other State which is not making payments of this character. Not only may we find the same thing to be true in respect to the competitive situation as between nations, but we are put upon notice by the industrial experience of the United States during the last 10 years that there is a very definite industrial trend by way of the expropriation of our mass production methods and mass production industrial plants in the United States. In the last 10 years we have seen over 1,800 branch

plants of American industrial institutions established abroad 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 it unless this type of differential is provided.

Mr. President, let me go a step further. When we wrote 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 by way of pay-roll taxes in 1940 will be \$1,600,000,000. 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 to me 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 fall and fail.

I submitted the amendment last Saturday. I ask the able Senator from Mississippi [Mr. HARRISON] if he was able to find the time to give it some attention over the week-end. I 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. HARRISON. 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 reference to the A. A. A., provisions were placed in the bills 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 brief available time. As indicated in it, the Commission doubts 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-

tion 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. ROBINSON. 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 of duty 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 statute 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 difference 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 has no function to perform under this 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 say 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 are to be offset by tariff increases whenever it can be demonstrated that the pay-roll taxes require the differential in order 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 my 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 ability and the formula for treating the pay-roll tax differential 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 differential.

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 meant 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 delay the Senator from Mississippi when I shall have made this statement. The amendment eliminates the limitation in the existing flexible 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. So far as 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 application of any employer to the United States Tariff Commission." Of course, under the provisions 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

whether any increase in duty is necessary to offset increased costs incurred because of the provisions of sections 804 and 901 of the act.

The Commission in its report to the President is to specify any increases found necessary, including changes in classification. Investigations are to be conducted according to the principles of section 336 of the Tariff Act of 1930, but an article may be transferred from the free to the dutiable list and there is no limitation upon the amount of the increase in the duty except the limitation prescribed in the second sentence of paragraph 336 (g) which precludes an increase in duty above a certain rate specified in the act. Upon receipt of the Commission's report, the President must proclaim the changes found necessary.

The increased costs under sections 804 and 901, which investigations under this amendment are intended to protect, are as follows:

Section 804 provides for an excise tax on employers, starting with one-half of 1 percent of the pay roll in the period 1936-38 and increasing to a maximum of 3 percent in 1948 and subsequent years.

Section 901 provides for a tax on employers for the privilege of employing labor, the tax to be 1 percent of the cost of the labor in 1936, 2 percent in 1937, and 3 percent in 1938 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 1½ percent. This percentage would increase as the ratio of labor to total cost increased.

Under section 336 of the Tariff Act of 1930, the Tariff Commission is already empowered, on request of interested parties, when in the judgment of the Commission there is good and sufficient reason therefor, to investigate, with respect to any dutiable article, differences in cost of production here and abroad. Moreover, the President is already empowered to proclaim such changes in the rates on dutiable articles as the Commission's investigation may indicate to be necessary to equalize differences in foreign and domestic costs (including taxes on pay rolls). This amendment would make the investigation and the action by the President mandatory, and his action might conflict with certain provisions contained in trade agreements prohibiting the imposition of additional taxes.

It should be added that under this amendment every employer who chooses to do so may upon application compel the Tariff Commission to institute a cost-of-production investigation. A trivial increase in his costs might thus require the expenditure of large sums by the Government; the multitude of such applications would seriously impair the efficiency of the Tariff Commission in discharging its other duties.

It would, therefore, appear that the proposed amendment is neither necessary nor desirable. If, however, it were to be incorporated in the act, it would be almost imperative that the Tariff Commission be given some discretion as to whether or not an investigation and report were justified.

Therefore, Mr. President, it seems to me the amendment should not be adopted, and I hope the Senate will reject it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was rejected.

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. BORAH. Mr. President, I should like to know from the Senator from Mississippi whether he is interested in a proposal which was made this morning with reference to increasing the amount which the Federal Government shall contribute to taking care of the situation where the States may not contribute anything whatever.

Mr. HARRISON. Mr. President, I may say to the Senator from Idaho that that is one phase of the question which was given every consideration by the Committee on Finance and

by the Committee on Ways and Means. We reached the conclusion that in its present financial condition the Federal Government is going as far as it can go. We feel there ought to be a participation by the States and the Federal Government.

The Senator will recall that when the first bill was presented in the Congress it provided for large Federal control over the whole question and that the Federal Government should in many respects direct the States as to whom should receive a pension. The House of Representatives redrafted the bill and I think greatly improved it. I am sure the Senator thinks so, too.

Mr. BORAH. I do.

Mr. HARRISON. The Committee on Finance thought it was greatly improved. We have here provided that the Federal Government shall contribute 50 percent, leaving it entirely to the States to determine which persons are in need, the only requirement we make being that they shall have reached the age of 65 years. The States best know who are entitled to old-age benefits.

I feel quite sure the situation has been somewhat exaggerated as to the inability of the States to provide their part of the money. Reference has been made to my own State. There were some 14,000 on the unemployment and relief rolls in my State. I am sure every person over 65 years of age who was in need sought to get on the unemployment or relief rolls in my State. My State is no worse off than other States in that respect. I am sure other States, like Mississippi, have made heroic efforts to care for the situation. With the \$4,000,000,000 of money that we have now available with which to create jobs and take care of people in need, I feel quite sure the States can reasonably meet the situation.

I know there is a feeling that needy, aged persons ought to have more than \$30 a month. There have been proposals to give them more than \$30 a month; but there is this to be said about it, that the aged people heretofore who have received help and assistance have received it from the county or from some charitable organization, or in some instances it may have come from the State itself. The Federal Government has left the matter of assistance to the needy aged to the local communities. That has been traditional in this country. For the Federal Government now to assist at all is a new venture, quite at variance with our past record and history, and since the Federal Government heretofore has contributed nothing toward old-age pensions, certainly if we contribute 50 percent for their assistance now and hereafter, we shall have gone a long way and will be carrying a blessing to these people and to the States.

It is a pleasure for me to champion this bill. I believe in it, and while personally I wish the Government was in such condition that it might go further, let me say this: I care not how enthusiastic one may be in wishing to increase this amount, or in wishing to relieve the States from the burden of having to put up any portion of the amount. I am sure those who have been working and laboring in this matter have done the very best they can, and that it might complicate the situation greatly, and might defeat the whole purpose of the bill in the end, if we should strike out the provision that the States must contribute toward this fund their pro rata part, half of the total amount.

So I hope the Senator from Idaho will not offer any amendment to that effect. I am sure the committee would feel obliged to oppose it, and I do not know whether it would get through other barriers. You know what I mean.

Mr. BORAH. Mr. President, of course, there is no reflection upon the performance of the committee's duty. It is in no sense a reflection upon the work of the committee that upon a particular feature of the bill one may entertain a view which is different from that of the committee.

If these were normal times and normal conditions I should feel entirely differently about this matter; but I know that a number of the States are not in a position to make any substantial contribution. I should like to leave in the bill the provision that the State must make some contribution.

However small it may be, I think the State ought to be called into action with regard to the matter. I quite agree with that contention; but where the States are able to supply only something like six or eight dollars a month, and we contribute six or eight dollars a month, we are leaving these old people with a total of only some twelve or fourteen or sixteen dollars a month upon which to live.

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 big 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 \$30 a month a reasonable sum, but under the circumstances I am willing to accept it.

Mr. FLETCHER. 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, is it 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 groups become powerful and very often influence the judgment of candidates for political office. 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 their part of it, there will ever be pressure upon those seeking the Federal office. There should be some check against too 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 decide 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 hope we can pass this bill without having it complicated by proposals for eliminating State contributions. To do so may jeopardize this whole bill. That would be a travesty.

Mr. BORAH. Mr. President, as I said 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. But I am sure in some instances the amount will be very small. Now I do not want to see these old people end their lives 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 contribution, 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 he make? 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 \$6 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. KING. This 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 expenditures which it has 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 creating.

There are some States in the Union which pay a large part of the Federal taxes. In addition, they are the populous 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 was 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, very great, and we ought to bear that in mind 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 Senator 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 take care of the matter.

Mr. FLETCHER. I was wondering whether it would be possible to do away with that condition, let the Federal Government contribute what is thought wise, say \$15, and let the States match the payment if it is possible to do so. Of course, the beneficiary would get the \$15 even if the State did not contribute.

Mr. CLARK. Mr. President, I have several amendments, which really constitute one amendment, which I desire to offer, but on which I do not desire unnecessarily to detain the Senate. The amendments are important, and a number of Senators have indicated a desire to discuss them, and since it would be impossible to act on them before the usual time of adjournment tonight, and inasmuch as several other amendments have gone over until tomorrow, I ask unanimous consent that I may be permitted to offer the amendments 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 Senator from Missouri asks unanimous consent that he may have leave to present certain amendments, and have them go over until tomorrow. Is there objection? The chair hears none.

Mr. CLARK. I offer the amendments.

The PRESIDING OFFICER. The clerk will state the amendments?

The CHIEF CLERK. It is proposed on page 15, after line 25, to insert the following:

(7) Service performed in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the Board as having been approved by it under section 702, if the employee performing such service has elected to come

under such plan; except that if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, the service performed while the employee was under such plan as approved shall be construed to be employment as defined in this subsection.

On page 43, line 11, after "Sec. 702.", to insert "(a)".

On page 43, between lines 17 and 18, to add the following new paragraphs:

(b) The board shall receive applications from employers who desire to operate private annuity plans with a view to providing benefits in lieu of the benefits otherwise provided for in title II of this act, and the board shall approve any such plan and issue a certificate of such approval if it finds that such plan meets the following requirements:

(1) The plan shall be available, without limitation as to age, to any employee who elects to come under such plan.

(2) The benefits payable at retirement and the conditions as to retirement shall not be less favorable, based upon accepted actuarial principles, than those provided for under section 202.

(3) The contributions of the employee and the employer shall be deposited with a life-insurance company, an annuity organization, or a trustee, approved by the board.

(4) Termination of employment shall constitute withdrawal from the plan.

(5) Upon the death of an employee his estate shall receive an amount not less than the amount it would have received if the employee had been entitled to receive benefits under title II of this act.

(c) The board shall have the right to call for such reports from the employer and to make such inspections of his records as will satisfy it that the requirements of subsection (b) are being met, and to make such regulations as will facilitate the operation of such private annuity plans in conformity with such requirements.

(d) The board shall withdraw its approval of any such plan upon the request of the employer, or if it finds that the plan or any action taken thereunder fails to meet the requirements of subsection (b)."

On page 52, after line 7, to add the following new paragraph:

(7) Service performed by an employee before he attains the age of 65 in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the board as having been approved by it under section 702, if the employee has elected to come under such plan, and if the Commissioner of Internal Revenue determines that the aggregate annual contributions of the employee and the employer under such plan as approved are not less than the taxes which would otherwise be payable under sections 801 and 804, and that the employer pays an amount at least equal to 50 percent of such taxes: *Provided*, That if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, there shall be paid by the employer to the Treasurer of the United States, in such manner as the Secretary of the Treasury shall prescribe, an amount equal to the taxes which would otherwise have been payable by the employer and the employee on account of such service, together with interest on such amount at 3 percent per annum compounded annually.

Mr. RUSSELL. Mr. President, I send to the desk two amendments which I ask to have printed and to lie on the table.

The PRESIDING OFFICER. The amendments will be printed and lie on the table.

Mr. ROBINSON. Mr. President, I understand that only two or three amendments have been suggested which remain undisposed of, and that those amendments are not to be acted on today. Unless there is some objection, I shall move an executive session.

Mr. BORAH. Mr. President, although I may make some changes in my amendment, I think I ought to have it printed so that Senators may have an opportunity to consider it.

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