ECONOMIC SECURITY ACT

THURSDAY, FEBRUARY 7, 1935

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

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

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

The CHAIRMAN. The committee will come to order.

We have a rather large calendar of witnesses this morning, and it will facilitate the hearing if the witnesses will make their oral statements as brief as possible and supplement them by putting into the record such additional material as they wish to have considered in connection with their statements. The first witness is Mr. Haynes.

STATEMENT OF GEORGE E. HAYNES, EXECUTIVE SECRETARY DEPARTMENT OF RACE RELATIONS, FEDERAL COUNCIL OF CHURCHES

Mr. HAYNES. I appear on behalf of the race-relations department of the Federal Council of Churches. The membership of that department is made up of appointed representatives from white and Negro church bodies, North and South.

We wish to urge under title I, dealing with old age, under title II dealing with allotments for dependent children, under titles III and IV dealing with unemployment insurance and old-age annuities, under title VII, having to do with child health and maternal health, and title VIII providing for allotments to local and State public-health programs, that there should be included in this bill a clause or clauses to provide that there shall be no discrimination on account of race or color in the administration of the services and benefits to any person otherwise eligible.

We believe in the principle on which this legislation is based, that the Government should guarantee to men, women, and children protection against the hazards and vicissitudes of life, as the President phrases it, and we believe this should apply equitably to all persons, irrespective of race or color. In support of our urgent request for provision in this bill against such racial discrimination, I wish to submit evidence to show that in the past the distribution and administration of Federal funds, both under the regular services furnished by the States with the help of Federal funds as well as in the emerg-

ency measures that have been carried out under legislation for recovery, there has been repeated wide-spread and continued discrimination on account of race or color, as a result of which Negro men and women and children did not share equitably and fairly in the benefits accruing from the expenditures of such public funds.

In presenting this evidence, let me say first that we approach the question with the conviction that the welfare of the Negro population is bound up with the welfare of the whole people; that any old-age assistance and annuities, unemployment insurance or compensation, any child and maternal welfare, and any health provision or other benefits and services that do not treat Negroes on the same basis as other persons not only does an injustice to them but retards the general welfare.

Many of these facts and statistics apply to Southern States, not because they are the only areas where these discriminations have occurred but because they are where the bulk of the Negro population is, but some of the data here presented show that they have been wide-spread in many of the States.

Lest someone may not admit the importance of the Negro population involved let me point out that in 1930 Negroes comprised 9.7 percent of the total population of the United States and in 14 Southern States, leaving out West Virginia, Oklahoma, and North Carolina, but including Delaware, Maryland, and Missouri, the percentage of Negroes in the total population of the respective States ranged from 8.6 percent in Kentucky to 50.2 in Mississippi. Nine of these Southern States have more than 25 percent of Negroes in the total population. Included in the record I am submitting, there are detailed tables showing the percentage of Negroes in the total, the rural, and the urban populations of 17 States in 1930. All of these States provide separate schools for their Negro children and other separate State services for Negro citizens.

To make clear that discrimination and inequality of treatment is the rule and not the exception, it may be well to cite a few facts to show how the Negroes participate in the distribution of the public-school funds in the States that have separate schools. In the school year 1929–30, according to figures compiled by Mr. Fred McCuistion of the Julius Rosenwald Fund, for every dollar which should have been expended on the colored schools on an equitable basis in the following States the actual amount spent was as follows: Alabama spent 36 cents of every dollar that should have been expended; Arkansas spent 40 cents of every dollar that should have been expended; Florida, 31 cents; Georgia, 28 cents; Louisiana, 33 cents; Maryland, 71 cents; Mississippi, 21 cents; North Carolina, 48 cents; Oklahoma, 79 cents; South Carolina, 22 cents; and Texas, 45 cents, with an average of 37 cents out of a dollar. I am including in the record, complete table I, compiled by Mr. McCuistion, showing (1) the total amount actually expended on Negro schools in each of these States; (2) the estimated additional amount which would have been expended if they had been treated equally; and (3) the percentage of the total amount that should have been expended which was actually spent on Negro schools. Table I follows:

TABLE I.—*Summary of expenditures in colored schools in 11 Southern States, 1929–30* [1]

State	Total expended	Additional amount if on equal basis	Percent of expenditure received by Negroes
Alabama	$1,964,524	$3,515,946	0.36
Arkansas	1,443,306	2,141,680	.40
Florida	1,302,623	2,881,090	.31
Georgia	1,667,884	4,273,514	.28
Louisiana	2,542,213	5,028,664	.33
Maryland	2,230,857	912,928	.71
Mississippi	1,583,541	6,015,099	.21
North Carolina	4,086,792	4,409,217	.48
Oklahoma	1,657,544	432,544	.79
South Carolina	1,718,854	6,056,927	.22
Texas	3,263,821	4,020,443	.45
Total	23,461,959	39,688,052	[2].37

[1] Taken with slight correction in caption from McCuistion, Fred, "Financing Schools in the South" p. 18, issued by State directors of educational research in southern schools as a part of the proceedings of the conference held at Peabody College, Dec. 5–6, 1930.
[2] Average.

According to data published by the Julius Rosenwald Fund [1]—

Negro public schools in 11 Southern States for which records are available received in 1930 a total of $23,461,959, while the white pupils in the same States received $216,718,221.

How this inequality works out in local areas may be illustrated by the discrepancy between salaries for white and Negro teachers in a typical rural county in one of the Southern States—Montgomery County, Ala. In 1913, $14.50 per pupil went to salaries of white teachers as compared with less than $2 per pupil for Negro teachers. In 1931 the figures were, respectively, $28 and $4. In the words of the compilers of these figures—

if one assumes the democratic principle of equal educational opportunity for all children, it would appear that the South thinks that it takes seven times as much to teach a white child as a Negro.

Under the Smith-Hughes Act Federal appropriations for vocational education are given upon the condition that for each dollar of Federal money expended the State or local community, or both, shall expend an equal amount. The basis of allotments to each State is as follows:

For agriculture: The allotment is in the proportion which the State's rural population bears to the total rural population of the Nation.

For trades, home economics, and industries: The allotment is in the proportion which the State's urban population bears to the total urban population of the Nation.

For teacher training: The allotment is in the proportion which the State's total population bears to the total population of the Nation.

[1] These data are taken from the booklet published by the Julius Rosenwald Fund, Chicago, Ill., from statistical material assembled by the committee on finance of the National Conference on Fundamental Problems in the Education of Negroes, called by the U. S. Department of the Interior, through its Office of Education and held in Washington, D. C., May 9–12, 1934.

Under the Smith-Lever Act, providing for agricultural and home demonstration work, each State receives funds in the proportion the rural population of the State bears to the total rural population, to be first equaled by a similar sum from a State or local authority or by individual contributions.

It seems, therefore, that a fair test of the justice with which these funds have been spent in the several States where Negroes form a large percentage of the population, is to compare the percentage of these funds allotted to the States which have been spent for Negroes with the percentage the Negroes comprise of the rural, urban, and total populations of these States.

The inequitable distribution of these funds becomes evident by examining the share Negroes received of the vocational funds and the teacher-training funds in a typical fiscal year 1931–32. A comparison of the percentage of Negroes in the rural population, the urban population, and the total population in 1930 with the percentage of vocational funds spent for Negroes discloses that only one of the 16 States for which figures are available spent the proportion of the vocational funds equitably upon the basis of the proportion of Negroes in either the rural, the urban, or the total population of the respective States. In several of the States the gap between the percentages was wide. The expenditure of teacher-training funds in five of the same States for the fiscal year 1931–32 were not available. Of the other 12 States, 8 spent a percentage of the teacher-training funds for Negroes equal to or greater than the percentage of the Negroes in the total population, and 4 States spent considerably less of the teacher-training funds for Negroes than Negroes formed of the total population.

The details of these figures are brought out in the accompanying table II.

TABLE II.—*Percent of Negroes in the population—rural, urban, and total—1930; percent spent for Negroes out of total Federal vocational and teacher-training funds in 1931–32 in States having separate land-grant colleges and other services for Negroes* [1]

State	Percent Negroes in population, 1930			Percent Federal funds spent for Negroes, 1931–32	
	Total	Rural	Urban	Vocational	Teacher training
Alabama	35.7	35.6	36.1	11.57	12.88
Arkansas	25.8	26.5	23.3	22.22	37.57
Delaware	13.6	15.2	12.2	----------	----------
Florida	29.4	31.2	27.7	19.27	9.13
Georgia	36.8	37.4	35.4	19.89	----------
Kentucky	8.6	6.0	14.6	2.25	11.14
Louisiana	36.9	40.8	30.9	20.76	42.92
Maryland	16.9	17.8	16.4	2.78	----------
Mississippi	50.2	52.4	39.5	16.09	25.52
Missouri	6.2	3.1	9.1	2.11	----------
North Carolina	29.0	28.4	30.4	9.33	32.78
Oklahoma	7.2	6.6	8.3	11.25	16.34
South Carolina	45.6	47.8	37.3	10.79	31.40
Tennessee	18.3	13.8	26.8	10.50	22.34
Texas	14.7	15.2	13.8	13.59	27.25
Virginia	26.8	26.7	27.2	13.10	63.63
West Virginia	6.6	6.8	6.4	5.32	----------

[1] Figures drawn from Land-Grant Colleges for Negroes, by President John W. Davis, West Virginia State College; contribution no. 6 of the Department of Education, April 1934; pp. 27, 31, and Negro Yearbook, 1931-2, Monroe N. Work, editor; Fifteenth Census, Vol. II, Population.

In contrast with the unfair and inequitable distribution of funds under the Smith-Hughes and the Smith-Lever Acts which did not have any provision against such discrimination, the experience in the administration of the Morrill-Nelson funds created under the act of Congress July 2, 1862, with amendments throws clear light on this question. On August 30, 1890, and on March 4, 1907, this act was amended to provide that no money should be paid out to any State or Territory for the support and maintenance of a college where distinction of race or color of students is made in the admission of students, but allowed the establishment and maintenance of such colleges separately for white and colored students "if the funds received in such State or Territory be equitably divided" according to specifications set forth in the amendment of 1890. The effect of this amendment has been to insure a fair division of these funds between white and Negro land-grant colleges in 17 States where such separate colleges have been established.

To illustrate this fact there is shown here a table giving typical expenditures for the white and Negro colleges in these States for the fiscal year ending June 30, 1934. The expenditures for the preceding fiscal year were practically the same. The figures in the table make clear that the distribution of what is known as the "Morrill-Nelson funds" that have come from Federal sources was equitable in the proportion that the two races formed of the total population of the respective States. In fact, in some of the States the proportion of the Federal funds allotted to Negroes slightly exceeded their proportion of the total population in the State in 1930. One State expended about the same amount for the colleges of the two races although the Negro population formed less than one-third of the total population. There has not, however, been an equitable distribution of funds from State sources.

These practices where the organic law laid down the principle of no discrimination are in striking contrast to the practices under the organic laws which made no such provision against discrimination in administration. Table III, giving details, follows:

TABLE III.—*Expenditures (under Morrill Act, as amended Aug. 30, 1890, and Mar. 4, 1907) for white and Negro land-grant colleges, for fiscal year ending June 30, 1934, compared with percentage of Negroes in the total population of 17 States in 1930*

	Expenditures, year ended June 30, 1934		Percent Negroes in total population 1930
	White	Negro	
Alabama	$31,758	$18,304	35.7
Arkansas	36,364	13,636	25.8
Delaware	40,000	10,000	13.6
Florida	25,000	25,000	29.4
Georgia	33,333	16,667	36.8
Kentucky	42,750	7,250	8.6
Louisiana	30,335	19,853	36.9
Maryland	41,500	8,500	16.9
Mississippi	21,705	[1] 28,295	50.2
Missouri	[2] 46,875	2,190	6.2
North Carolina	33,500	16,500	29.0
Oklahoma	45,520	5,000	7.2
South Carolina	25,000	25,000	45.6
Tennessee	38,000	12,002	18.3
Texas	37,500	[2] 12,500	14.7
Virginia	33,334	16,666	26.8
West Virginia	50,000	9,908	6.6

[1] Spent during year 1933. [2] Appropriated for year 1933

The full picture of what a serious handicap this unfair discrimination is to Negroes can be seen from figures showing sources of total funds allotted from State and Federal Governments for cooperative extension work, the total of such funds spent for Negroes, and the estimate of what the division should have been in 1931–32. The grand total of such funds that year was about $9,339,610. Of this sum $4,558,449 came from Federal sources and $4,779,111 from State sources. The total spent for Negroes was $77,995. Estimated on the proportion of Negroes in the rural population, they should have received $2,293,572. The figures giving this picture in full by States are shown in the following table IV:

TABLE IV.—*Sources of funds allotted from State and Federal Governments for cooperative and extension work for the fiscal year ending June 30, 1933; and a statement of the division and use of such funds in behalf of Negroes, 1931–32, in States having separate land-grant colleges, and other separate governmental services* [1]

State	Grand total	Total from Federal funds	Total from State sources	Total of Federal funds to Negroes, year 1931–32	Estimated amount of money for extension work which should go to Negroes on basis of rural percentage in population
Alabama	$661,898	$309,565	$352,333	$22,676	$235,635
Arkansas	522,654	263,137	259,517	16,136	138,503
Delaware	60,029	46,714	14,215	10,650	9,261
Florida	366,405	152,640	213,765	27,368	114,318
Georgia	734,889	354,684	380,205	27,499	274,848
Kentucky	538,105	297,800	240,305	11,005	32,286
Louisiana	513,290	232,445	280,845	23,265	209,322
Maryland	388,620	139,283	249,337	10,000	69,174
Mississippi	564,391	286,050	278,341	43,953	295,740
Missouri	491,360	266,780	224,580	3,125	15,232
North Carolina	666,977	363,314	303,663	21,500	189,421
Oklahoma	595,496	264,791	330,705	7,592	39,302
South Carolina	465,062	264,390	218,672	64,364	221,299
Tennessee	541,719	296,364	245,355	19,690	74,757
Texas	1,232,205	537,833	694,372	19,000	187,295
Virginia	590,341	283,395	306,946	38,753	159,621
West Virginia	405,269	199,314	205,955	11,419	27,558
Total	9,339,610	4,558,499	4,799,111	77,995	2,293,572

[1] Figures drawn from "Land-Grant Colleges for Negroes" by President John W. Davis, West Virginia State College; contribution no. 6 of the Department of Education, April 1934.

As an example of how protection against discrimination on account of race or color should be provided in this economic security bill, I cite here the section from the amendment to the Morrill Act, approved by the Fifty-first Congress, August 30, 1890: [2]

Provided, That no money shall be paid out under this act to any State or Territory for the support and maintenance of a college where a distinction of race or color is made in the admission of students, but the establishment and maintenance of such colleges separately for white and colored students shall be held to be a compliance with the provisions of this act if the funds received in such State or Territory be equitably divided as hereinafter set forth.

Provided, That in any State in which there has been one college established in pursuance of the act of July 2, 1862, and also in which an educational institution of like character has been established, or may be hereafter established,

[2] Original act, approved July 2, 1862. Ch. CXXX, Stats. L., (39th Cong.), vol. 12, pp. 503–505. Amendment, Ch. 841, sec. 1, U. S. Stats. L., vol. 26, p. 417, approved (51st Cong.), Aug. 30, 1899.

and is now aided by such State from its own revenue, for the education of colored students in agriculture and the mechanic arts, however named or styled, or whether or not it has received money heretofore under the act to which this act is an amendment, the legislature of such State may propose and report to the Secretary of the Interior a just and equitable division of the fund to be received under this act between one college for white students and one institution for colored students established as aforesaid, which shall be divided into two parts and paid accordingly, and thereupon such institution for colored students shall be entitled to the benefits of this act and subject to its provisions as much as it would have been if it had been included under the act of 1862, and the fulfillment of the foregoing provisions shall be taken as compliance with the provisions in reference to separate colleges for white and colored students.

The need for a clause in this economic security bill against racial discrimination may be seen again in the inequalities that have arisen in the cotton-acreage reduction as a part of the recovery program. The pertinence of the cotton-acreage reduction experience to the question of a clause in this bill against discrimination on account of race and color arises because Negro share tenants and share croppers are more largely affected than white share tenants and share croppers by the cotton-acreage reduction conditions. This is clear from the fact that in the South in 1930 there were 46 percent of tenant farmers among all white farmers. Of these 383,381 were white share croppers, who comprised 16.4 of all white farmers; 140,112 were white cash tenants, or 6 percent of all white farmers, leaving 24.6 percent of other types of tenants among all white farmers. Among Negro farmers there were 79.1 percent tenant farmers. Of these 392,897 were colored share croppers, or 44.6 of all colored farmers; 97,920 were colored cash tenants, or 11.2 percent of all colored farmers, leaving 23.3 percent of Negro farmers in the other tenant class. In short, less than half of white farmers in comparison with about three-fourths of Negro farmers were subject to the difficulties that have grown out of the cotton-acreage reduction.

These difficulties are set forth by no less an authority than Prof. Calvin B. Hoover in a report to the Secretary of Agriculture made public last year. Professor Hoover says:

Various undesirable effects and instances of hardships to individuals have occurred in connection with the cotton acreage reduction program. In some cases these were due to the nature of the cotton contract itself, sometimes to its misinterpretation and sometimes to its violation.

He summarizes the hardships as follows: (1) Cases in which tenant farmers did not receive full amount specified by the 1933 cotton contract; (2) the operation of the program created a motive for reducing the number of tenants although contracts had provisions against reducing the number of tenants on farms; (3) percentage of rental payments to share tenants and share croppers in the 1934 cotton contracts is less than in other contracts (tobacco and corn and hog contracts by comparison); (4) the 1934 cotton contracts as drawn "produced considerable confusion in the classification of types of tenantry."

In the 1933 contracts for cotton plowed up, landlords were allowed to sign for themselves and their tenants only after they had obtained the consent of the tenants. Checks were to be made payable to the landlord and tenant jointly unless the tenant waived his rights. Dr. Hoover says:

In practice, the matter often worked out quite differently. In numbers of cases landlords did not obtain the consent of their tenants before signing the contract. They simply made no mention of having tenants who had an interest in the crops. Consequently, checks for benefit payments were often made out in the name of the landlord alone. He was thus given the opportunity to make any kind of settlement with his tenants that he wished. This situation arose largely due to the failure of the contract to recognize the existence of separate landlord and tenant interests.

In the 1934 cotton acreage reduction contract the division between the landlord and the "managing share tenant" allowed 2 cents per pound to the landlord and 2½ cents per pound to the tenant. Cash tenants received both rental and parity payments. These were quite fair divisions. All share croppers and probably a large proportion of share tenants were not included in this first class of tenants. Share croppers received one-half of what was called the "parity payment", and share tenants not classed as "managing share tenants", three-fourths.

"But", says Dr. Hoover, "the parity payments were so small in the case of the average tenant that it is almost negligible." As it worked out the share cropper received about one-half cent a pound, while the landowner received 4 cents per pound on the estimated amount of the cotton which would have been produced on the land withdrawn from cultivation. On the basis of the average production of 174 pounds of lint cotton to the acre, Dr. Hoover holds that—

The landowner thus receives from the Government as payment for the acreage withdrawn from cultivation a sum of three times as great as he probably would have received as rent had there been no recovery program.

The landowner also benefitted from increased prices received for cotton produced on acreage not withdrawn from cultivation. Professor Hoover gives estimates to show that there was somewhat of an increase in the cash income which a share cropper received when fairly dealt with but it was proportionately far less than that of the landowner. "In these contracts the division of the benefit system between landlords and tenants is a proportion of their interest in the crops."

It was argued that this division of rental payments in the cotton contracts were made, says Professor Hoover, because—

Landowners could not be induced to sign the contracts if they were not given a larger share of the rental benefits than landlords received in other acreage-reduction contracts; * * * that the amount per acre received in the form of rental benefits paid by the Government was less in the case of the cotton contract than in the case of the other acreage-reduction contracts, and that consequently a division of these payments in the ratio of 8 to 1 was justified.

This argument by itself could only mean that the landlord was induced to sign the cotton contract by an inducement obtained at the expense of the share tenant and share cropper. In none of the contracts "is there any provision for compensating hired labor for the reduction in opportunities for employment", or requiring the landlord to spread the reduced work over the same number of workers or which prevents him from reducing the number of his hired labor to any percent which he might desire and no provision in the contract affecting compensation of hired labor. The temptation exists, then, for landlords to replace tenants with day laborers since the tenants have some rights in the contracts, while laborers do not.

At this point I wish to urge a change in the unemployment-compensation and old-age-annuities provisions of this bill. The bill applies to employers having four or more employees, thus practically excluding all domestic and personal servants from old-age benefits. Further, share tenants and share croppers on farms and plantations who are little, if any, different in their economic condition from laborers, are not covered in the bill. These features affect a larger proportion of Negroes gainfully employed in the United States than any other class. Of 4,892,872 Negroes gainfully employed in 1930, more than 2,000,000 were in agriculture and 1,000,000 were in domestic and personal service. More than three-fourths of these employed in agriculture were tenant farmers and nearly one-half of these tenants were share croppers—little different from farm laborers. These facts make clear that about three-fifths of all Negroes gainfully employed in the United States will be excluded by the very terms of this bill from its unemployment and old-age benefits.

Although the seed, feed, and fertilizer loans from Federal funds in aid of farmers in the cotton-growing areas have been discontinued, there is ample testimony that abuses on a large scale did arise during the administration of these services during the desperate emergency of the first years of the depression. A reliable investigator into this situation in counties of Georgia, Alabama, and Mississippi reports on these feed, seed, and fertilizer loans, which were designated to finance farmers who otherwise could not have planted a crop. He says:

> The loans have been variously administered. In a few black-belt areas tenants got and spent the loans made to them; they bought their feed, seed, and fertilizer at cash prices and accordingly had relatively smaller debts in the fall.
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> The planters, however, usually got control of their tenants' checks through an oral agreement between the landlord and the tenant. As a matter of fact, the landlord virtually forces the tenant to deliver the check to him; the landlord explains to the tenant that he will not waive his rent to the Government—one of the requirements for the loan—unless the tenant agrees to bring the check to him when it comes. When the tenant's check arrives he takes it to the landlord, and then and there either endorses it, or being unable to write his own name, "touches the pen", and the landlord endorses it for him. In some instances, the planter has taken the money and deposited it to his own account, issuing cash back to the tenant as he thought the tenant needed it. The planter usually charged 8 or 10 percent interest. Thus, the tenant pays double interest—6 percent to the Government for the money and an additional 8 or 10 percent to the planter for keeping it for him. This practice is common in the upper part of the Georgia black belt. * * *
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> In some black-belt counties Negro landowners are not allowed to spend the cash which they secured through loans from the Government. In one Alabama county a merchant, who had taken over the check of a Negro who had secured a loan, said, "You know it is not customary for niggers to get checks around here." The incident serves to illustrate the fact that Negro owners, too, move within the plantation practices of the community.[3]

It has been difficult to get accurate and authoritative figures on the distribution of the Federal funds through the F. E. R. A. and C. W. A. expended in the States where there are separate public facilities for white and Negro people. The figures of expenditure for one State (Georgia) and cases from northern industrial centers

[3] Dr. Arthur Raper, research and field secretary of the Commission on Interracial Cooperation in "Economic Status of the Negro", report prepared by Charles S. Johnson, for the committee on findings of the Conference of Economic Status of the Negro in Washington, D. C., May 11–13, 1933, under sponsorship of Julius Rosenwald Fund, pp. 26–28.

are probably indicative of a number of others. These figures and the cases from cities are used because they are available rather than because they are worse than elsewhere. I believe they are typical. The Federal funds through both F. E. R. A. and C. W. A., devoted to educational purposes in Georgia in 1933–34 and expended for additions and repairs on school buildings and improvement of school grounds totaled $3,066,362.31. Of this amount $379,677.44 or about 12.4 percent was devoted to Negro schoolhouses and school grounds although the Negroes comprise 36.8 percent of the State's total population.

The total sum expended through the F. E. R. A. was $529,588.58. Of this amount only $27,932.57, about 5.3 percent, was used on Negro schoolhouses and school grounds. The total amount spent through the C. W. A., $2,536,773.73, and of this amount only $351,744.87, about 13.9 percent, was spent on the Negro schoolhouses and school grounds. This expenditure for Negro schools by the C. W. A., however, is not as significant as even this share sounds because $240,851.27 or about 90 percent of the amount spent on Negro schools and school grounds was used in Atlanta and Fulton County where Negroes have the best schools and school grounds in the State, and leaving only about 10 percent for all of the other counties and towns of the State.

Out of the Federal funds devoted to educational purposes in that State in 1934, there was spent for lengthening school terms in the spring of 1934, $1,601,995.79. Of this amount, Negro schools received $211,383.94, or about 13.2 percent. There was also an additional so-called " emergency " program running from November 1933 through June 1934. For this there was an expenditure of $313,523.59, of which sum $52,671.96, or about 16.8 percent, was spent among Negroes. Of the total expenditures of Federal funds for emergency purposes in that State in 1933–34 to the total of $5,061,796.92, only $462,660.99, or about 12.7 percent, was spent on Negroes.

In a northern industrial city (Chicago, Ill.) to which Negroes in large numbers were attracted by labor demands during the World War, last year there were reported 25 public school-building projects under way made possible by Federal funds. Negro mechanics were excluded from work on these buildings. Violence occurred when Negro workmen undertook to picket one large public high-school building under construction in a neighborhood of predominently Negro residents and where pupils of this high school were nearly all Negroes. Other undisputed cases were reported from this city and another city of exclusion of Negro mechanics from public-works projects because they did not possess union cards of an American Federation of Labor local union in spite of the fact that Negroes were not allowed to join these unions. In a midwestern city, Negro citizens had to organize and protest to the local C. W. A. administration before Negro painters were transferred from unskilled jobs to work of painting the Negro public-school buildings.

There will be need also for provision in this economic-security bill against discrimination on account of race or color in some cases where the administration is not left to the States. There is some data showing discrimination in public works where contracts have been let to private contractors by the Federal Government. For

example, investigations in the labor camps of the Mississippi River flood-control operations show conclusive evidence of abuses and exploitation of Negro workers in excessively long hours, low wages, overcharging for supplies through a commissary system, physical violence in some cases, and unsanitary, overcrowded living conditions. It is also an admitted fact that in the building of Boulder Dam in Colorado contracts were made which so bound the Federal Government that an official of the Department of Interior, in replying to protests against admitted exclusion of Negro workers from employment on the project, stated that the Government " was without jurisdiction, and as long as the contractor complies with all the laws and provisions of its contract, we cannot intervene." Had there been such a clause against racial discrimination in the law providing for the Boulder Dam project the contractors would have had to conform.

The foregoing facts and statements are such as to convince any open-minded person that there is need for some clause or clauses in this economic-security bill to prevent discrimination on account of race or color so that Federal and State administrators will be required to see that regulations are made and carried out to insure equitable treatment of all, irrespective of race or color. It is clear that where such provisions have been put into the organic law they have been effective in preventing racial discrimination; and that where they have not been in the organic law unfair and inequitable distribution of funds and other benefits have been wide-spread and continuously practiced in at least 19 States.

In conclusion allow me to point out some of the specific provisions under the several titles of the economic-security bill which could be readily used for discrimination against eligible persons on account of race or color. These are examples of what may happen in the administration of this legislation. Under title I, subsection 4 (e) a plan for old-age assistance offered by a State authority must furnish " assistance at least great enough to provide, when added to the income of the aged recipient, a reasonable subsistence compatible with decency and health." In many communities there is a prevailing idea that Negro persons can have such a resonable subsistence on less income than a white person. In States and communities, North and South, fair-minded citizens have had to contend strenuously against this notion being made a basis for lower wage rates in the N. R. A. codes, for lower standards for Negroes in relief budgets, and other measures. This idea would very probably be widely used to give less assistance to aged Negroes than to aged whites.

Under title II, subsection 204 (c) the same standard of reasonable subsistence compatible with decency and health is involved in the approval of State plans for the aid of dependent children. The lack of consideration for the Negro child in nearly all of the Southern States and in many of the large northern urban communities is generally known and admitted, and as one may readily prove from the reports of the President's White House Conference on Child Health and Protection.

Under title III, section 301, there is no minimum for wages upon which the earnings taxes shall be based. It is commonly accepted

knowledge that the wages of Negro workers are frequently lower than those of white workers in the same plant and on the same jobs or in the same occupations. Wherever there is this discrimination in wages on account of race or color, this bill should provide an equalization of the percentage of the tax to be paid by the employee so that the employer will be required to pay a larger percentage of the tax.

Under title IV, section 403, it is proposed that the appropriations of specified sums be made from the Federal Treasury. Of which sums 98 percent is to be apportioned by the Social Insurance Board among the States. Unless this bill requires the distribution of benefits irrespective of race or color there is grave danger that in the regulations governing eligibility and other conditions for receiving benefits, unfair practices against Negro aged will arise.

Under title VII, subsection 701 (a) allotments of Federal funds are provided for "furthering and strengthening State and local health services to mothers and children, extending maternity nursing services in counties predominantly rural, and conducting special demonstration and research in maternal care and other aspects of maternal and child health service." In view of the evidence presented above it is clear that specific provision is needed to insure equitable use of these funds and a fair distribution of benefits from their expenditure to Negro mothers and children.

Under title VIII, section 802, such a clause against racial discrimination is needed to insure equitable expenditure of funds for public-health services to Negroes in States where there are separate services provided, and in States where there are no separate service arrangements to insure that doctors, dentists, nurses, and lay workers shall have full opportunity to qualify for such service irrespective of race or color.

The administration both State and Federal to be set up by this proposed law will employ a large number of officials, clerks, stenographers, and other employees. Because of wide-spread and continuous exclusion of Negroes from employment in such public service, both State and Federal; North and South, we urge a general clause in this bill providing that no person otherwise eligible shall be excluded on account of race or color from admission to public office or employment in any of the administrative personnel employed to carry out the provisions of this act.

We do not believe that this protection against racial discrimination should be left to the will or discretion of any administrator, because the evidence here presented shows clearly that where this has been done the law has been applied and administered by public authorities so inequitably that wide-spread, unjust and illegal discrimination between persons has been the result.

On behalf of the department of race relations of the Federal Council of Churches, therefore, I urge upon your committee that under titles I, II, III, IV, VII, and VIII, there be some clause or clauses which will require as a part of plans to be submitted by a State for approval of the Federal administration that there shall be provisions against discrimination on account of race or color. In the case of allotments of Federal funds to the States called for by any provisions of this bill there should be a clause or clauses against

racial discrimination to the effect that no money shall be paid out to any State or Territory for the support or maintenance of any such plan, program, service, or benefit unless it shall first be shown that such State or Territorial authority will so distribute the funds that the benefits shall be offered to eligible persons irrespective of race or color.

We have not tried, Mr. Chairman, to specify just how this will be put in, whether in a general clause or several clauses. We leave that to the gentlemen of the committee, but believe that if you will give fair consideration to how these laws have operated in the past and to the fact that today, because of many of these exclusions, you have a larger percentage of Negroes on relief rolls—according to the report of the Federal Emergency Relief Administration—twice the proportion on the relief rolls that they do to the total population. In many States it is even higher than that, so that it has been said unless something is done for more equitable distribution of these recovery measures and of reforms that you will have a Negro relief problem in the United States quite as large if not larger in proportion than the urban, rural, or other phases of the relief problem.

Thank you.

The CHAIRMAN. Are there any persons on the calendar this morning who can finish within about 5 minutes and who can elaborate by putting their statements in the record?

(No response.)

The CHAIRMAN. Very well then; Dr. Epstein, will you proceed?

STATEMENT OF ABRAHAM EPSTEIN, REPRESENTING THE AMERICAN ASSOCIATION FOR SOCIAL SECURITY—Continued

Senator KING. Before you start, Doctor, I think you mentioned it yesterday during your discussion; and I wish you would point out the advantages, if there are any, of putting all of these activities into one bill, under one heading, or separating it; or if it would not be better for us to separate this bill into a number of parts and pass each part separately.

Mr. EPSTEIN. I think it is a more really pragmatic or political question than anything else. I think the only reason for putting it in an omnibus bill is the fear that you may not pass it all if it is split up. There is no positive reason for any other explanation. We might as well be frank. If you could assure us that nothing will be endangered, I do not think anyone would object to splitting it up. The idea is merely that if it is split up, some of the committees may disagree and you may pass on one thing and not the others, or none at all.

Senator KING. By joining it all in one bill, you force us to take the whole dose.

Mr. EPSTEIN. I do not think it is fair to put it that way; but as I said yesterday, I personally favor even taking the risk with Congress, of the splitting up of the bill in the beginning; I favored that. I am not now because I do not want to take an opposite stand from the administration if the administration thinks this is the way it should be done. I thought it would have been safer and better from