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.

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Mr. COSTIGAN. Mr. President, in the Washington Daily News of June 14, 1935, appeared an editorial which merits consideration. It is entitled "Twenty Years Late." The concluding paragraph reads as follows:

> The United States is 20 years or more behind advanced industrial countries in adopting a national social-security system. Further delay would only add to relief burdens, economic unbalance, and human fears.

The editorial, as a whole, will appeal to men and women who are devoted to wisely progressive legislation, and I ask that, in its entirety it may be incorporated in the RECORD as part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TWENTY YEARS LATE

By order of the American people the Senate today considers the administration's economic-security bill, designed to cushion some 27,000,000 families against "the major hazards and vicissitudes of life."

The House speedily passed this important measure, 372 to 33. The Senate would be wise to act with equal dispatch. For none of President Roosevelt's "must" measures is more sorely needed, or more popular.

The Senate committee's bill is a decided improvement on the one passed by the House. It attacks the social problems of indigent old age, unemployment, blindness, illness, and childhood dependency.

To help the present generation of aged poor, it offers out of the Federal Treasury a subsidy to States of as much as $15 monthly for each pensioned person past 65. To provide a self-liquidating old-age security system for the future, it proposes a Federal reserve fund into which employers and workers would contribute pay-roll taxes to support industry's retired veterans. Finally, it offers to others the opportunity to buy cheap Government annuities. These provisions should help to close the doors of poorhouses, which are so costly to the public and so unsatisfactory to the unfortunate inmates.

The unemployment insurance section is frankly an experiment in Federal-State cooperation. To encourage the States to enact unemployment insurance laws, it provides a Federal pay-roll tax, of which 90 percent would be remitted to States with jobless insurance systems. States are given wide latitude to try out plans that fit the regional or industrial needs of each.

The bill would benefit thousands of needy blind through Federal subsidies to States. It triples Federal appropriations for public health. It revives the infant-maternity care provisions of the now lapsed Sheppard-Towner Act, provides funds for rehabilitating crippled children, and increases a hundredfold Federal contributions for child welfare.

The bill has many defects. Some are due to the need for economy, others to the Supreme Court's rigid limits on Federal powers. The measure does not guarantee security to every family, but it will soften the blows of economic adversity.

It is the product of a year's sincere and expert effort. Its imperfections can be ironed out later, as other countries have improved similar measures.

The United States is 20 years or more behind advanced industrial countries in adopting a national social-security system. Further delay would only add to relief burdens, economic unbalance, and human fears.

Mr. HARRISON. Mr. President, if there is no Senator who desires to speak on the bill, I should like to have the Senate proceed to the consideration of the committee amendments.

The PRESIDING OFFICER. The clerk will state the first amendment of the Committee on Finance.

The first amendment of the Committee on Finance was, on page 1, line 7, after the word "financial", to strike out "assistance assuring, as far as practicable under the conditions in such State, a reasonable subsistence compatible with decency and health to aged individuals without such subsistence" and insert "assistance, as far as practicable under the conditions in such State, to aged needy individuals", so as to make the section read:

> SECTION 1. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $49,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted and had approved by the Social Security Board established by title VII (hereinafter referred to as the "Board") State plans for old-age assistance.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

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

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the committee on page 1, line 7.

The amendment was agreed to.

The next amendment was, under the subhead "Operation of State plans", on page 6, line 14, before the word "notice", to insert "reasonable", so as to make the section read:

> SEC. 4. In the case of any State plan for old-age assistance which has been approved by the board, if the board, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—
>
> (1) That the plan has been so changed as to impose any age, residence, or citizenship requirement prohibited by section 2 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or
>
> (2) That in the administration of the plan there is a failure to comply substantially with any provision required by section 2 (a) to be included in the plan; the board shall notify such State agency that further payments will not be made to the State until the board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the subhead "Old-age benefit payments", on page 10, after line 21, to insert the following:

> (d) Whenever the board finds that any qualified individual has received wages with respect to regular employment after he attained the age of 65, the old-age benefit payable to such individual shall be reduced, for each calendar month in any part of which such regular employment occurred, by an amount equal to 1 month's benefit. Such reduction shall be made, under regulations prescribed by the board, by deductions from one or more payments of old-age benefit to such individual.

The amendment was agreed to.

The next amendment was, under the subhead "Definitions", on page 15, line 2, after the word "United", to strike out "States by" and insert "States, or as an officer or member of the crew of a vessel documented under the laws of the United States, by"; after line 9, to strike out "(4) Service performed as an officer or member of the crew

of a vessel documented under the laws of the United States or of any foreign country"; in line 13, before the word "service", to strike out "(5)" and insert "(4)"; in line 16, before the word "service", to strike out "(6)" and insert "(5)"; in line 19, before the word "service", to strike out "(7)" and insert "(6)"; and in line 22, after the word "purposes", to insert "or for the prevention of cruelty to children or animals", so as to read:

SEC. 210. When used in this title—

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include that part of the remuneration which, after remuneration equal to $3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

(b) The term "employment" means any service, of whatever nature, performed within the United States, or as an officer or member of the crew of a vessel documented under the laws of the United States, by an employee for his employer, except—

(1) Agricultural labor;

(2) Domestic service in a private home;

(3) Casual labor not in the course of the employer's trade or business;

(4) Service performed in the employ of the United States Government or of an instrumentality of the United States;

(5) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;

(6) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, under the subhead "Provisions of State laws", on page 18, line 7, after the word "compensation", to strike out "solely", and in the same line, after the word "State", to insert a comma and "to the extent that such offices exist and are designated by the State for the purpose", so as to read:

SEC. 303. (a) The board shall make no certification for payment to any State unless it finds that the law of such State, approved by the board under title IX, includes provisions for—

(1) Such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the board to be reasonably calculated to insure full payment of unemployment compensation when due; and

(2) Payment of unemployment compensation through public employment offices in the State, to the extent that such offices exist and are designated by the State for the purpose; and

The amendment was agreed to.

The next amendment was, on page 19, line 10, before the word "notice", to insert "reasonable", so as to read:

(b) Whenever the board, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that in the administration of the law there is—

(1) a denial, in a substantial number of cases, of unemployment compensation to individuals entitled thereto under such law; or

(2) a failure to comply substantially with any provision specified in subsection (a)

the board shall notify such State agency that further payments will not be made to the State until the board is satisfied that there is no longer any such denial or failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the heading "Title IV—Grants to States for aid to dependent children—Appropriation", on page 20, line 5, after the word "financial", to strike out "assistance assuring, as far as practicable under the conditions in such State, a reasonable subsistence compatible with decency and health to dependent children without such subsistence" and insert "assistance, as far as practicable under the conditions in such State, to needy dependent children,", and in line 16, after the word "the", to strike out "board" and insert "Chief of the Children's Bureau", so as to make the section read:

SECTION 401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy dependent children, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $24,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for aid to dependent children.

The amendment was agreed to.

The next amendment was, under the subhead "State plans for aid to dependent children", on page 21, line 9, after the words "by the", to strike out "board" and insert "Chief of Children's Bureau"; in line 13, after the word "the", to strike out "board" and insert "Secretary of Labor"; and in line 14, after the word "as", to strike out "the board" and insert "he", so as to read:

SEC. 402 (a) A State plan for aid to dependent children must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim with respect to aid to a dependent child is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Chief of the Children's Bureau to be necessary for the efficient operation of the plan; and (6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and vertification of such reports.

The amendment was agreed to.

The next amendment was, on page 21, line 17, after the word "The", to strike out "board" and insert "Chief of the Children's Bureau"; in line 19, after the word "that", to strike out "it" and insert "he"; and on page 22, line 2, after the word "application", to insert a comma and "if its mother has resided in the State for 1 year immediately preceding the birth", so as to read:

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes as a condition of eligibility for aid to dependent children, a residence requirement which denies aid with respect to any child residing in the State (1) who has resided in the State for 1 year immediately preceding the application for such aid, or (2) who was born within the State within 1 year immediately preceding the application, if its mother has resided in the State for 1 year immediately preceding the birth.

The amendment was agreed to.

The next amendment was, under the subhead "Payment to States", on page 22, line 20, after the word "The", to strike out "board" and insert "Secretary of Labor" and on page 23, line 9, after the word "the", to strike out "board" and insert "Secretary of Labor", so as to read:

SEC. 403. (a) From the sums appropriated therefor the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-third of the total of the sums expended during such quarter under such plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 for any month with respect to one such dependent child and $12 for such month with respect to each of the other dependent children.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Secretary of Labor shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than two-thirds of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of dependent children in the State, and (C) such other investigation as the Secretary of Labor may find necessary.

The amendment was agreed to.

The next amendment was, on page 23, line 11, after the word "the", to strike out "board" and insert "Secretary of Labor"; in line 13, after the word "the", to strike out

"board" and insert "Secretary of Labor"; in line 15, after the word "which", to strike out "it" and insert "he"; in the same line, after the word "that", to strike out "its" and insert "his"; and in line 20, after the words "by the", to strike out "board" and insert "Secretary of Labor", so as to read:

(2) The Secretary of Labor shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Labor, reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Labor for such prior quarter.

The amendment was agreed to.

The next amendment was, on page 24, line 1, after the words "by the", to strike out "board" and insert "Secretary of Labor", so as to read:

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

The amendment was agreed to.

The next amendment was, under the subhead "Operation of State plans", on page 24, line 5, after the word "the", to strike out "board" and insert "Chief of the Children's Bureau"; in line 6, after the words "if the", to strike out "board" and insert "Secretary of Labor"; and in line 7, before the word "notice", to insert "reasonable"; in line 19, after the word "the", to strike out "board" and insert "Secretary of Labor"; in line 21, after the word "until", to strike out "the board" and insert "he"; in line 23, after the word "Until", to strike out "it" and insert "he"; and in the same line, before the word "shall", to strike out "it" and insert "he", so as to make the section read:

SEC. 404. In the case of any State plan for aid to dependent children which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) That the plan has been so changed as to impose any residence requirement prohibited by section 402 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) That in the administration of the plan there is a failure to comply substantially with any provision required by section 402 (a) to be included in the plan; the Secretary of Labor shall notify such State agency that further payments will not be made to the State until he is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the subhead "Administration", on page 25, line 4, after the word "the", to strike out "board" and insert "Children's Bureau", so as to read:

SEC. 405. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $250,000 for all necessary expenses of the Children's Bureau in administering the provisions of this title.

The amendment was agreed to.

The next amendment was, under the subhead "Definitions", on page 25, line 9, after the word "sixteen", to insert "who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and"; and in line 14, before the word "residence", to insert "place of", so as to make the section read:

SEC. 406. When used in this title—

(a) The term "dependent child" means a child under the age of 16 who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt, in a place of residence maintained by one or more of such relatives as his or their own home;

(b) The term "aid to dependent children" means money payments with respect to a dependent child or dependent children.

The amendment was agreed to.

The next amendment was, under the subhead "Allotments to States"; on page 26, line 13, after the word "State", to strike out "bears" and insert "bore", and in line 14, after the name "United States", to insert a comma and "in the latest calendar year for which the Bureau of the Census has available statistics", so as to read:

SEC. 502. (a) Out of the sums appropriated pursuant to section 501 for each fiscal year the Secretary of Labor shall allot to each State $20,000, and such part of $1,800,000 as he finds that the number of live births in such State bore to the total number of live births in the United States, in the latest calendar year for which the Bureau of the Census has available statistics.

The amendment was agreed to.

The next amendment was, under the subhead "Approval of State plans", on page 27, line 11, after the word "plan", to insert "by the State health agency", and in line 15, after the word "are", to strike out "found by the Chief of the Children's Bureau to be", so as to read:

SEC. 503. (a) A State plan for maternal and child-health services must (1) provide for financial participation by the State; (2) provide for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency; (3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are necessary for the efficient operation of the plan; (4) provide that the State health agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for the extension and improvement of local, maternal, and child-health services administered by local child-health units; (6) provide for cooperation with medical, nursing, and welfare groups and organizations; and (7) provide for the development of demonstration services in needy areas and among groups in special need.

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a) and shall thereupon notify the Secretary of Labor and the State health agency of his approval.

The amendment was agreed to.

The next amendment was, under the subhead "Payment to States", on page 28, line 12, after the word "beginning", to insert "with the quarter commencing", so as to read:

SEC. 504. (a) From the sums appropriated therefor and the allotments available under section 502 (a), the Secretary of the Treasury shall pay to each State which has an approved plan for maternal and child-health services, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

The amendment was agreed to.

The next amendment was, under the subhead "Operation of State Plans", on page 30, line 12, before the word "notice" to insert "reasonable"; so as to read:

SEC. 505. In the case of any State plan for maternal and child-health services which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 503 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the subhead "Approval of State Plans", on page 32, line 9, after the word "plan" to insert "by a State agency", and in line 13, after the word "are" to strike out "found by the Chief of the Children's Bureau to be"; so as to read:

SEC. 513. (a) A State plan for services for crippled children must (1) provide for financial participation by the State; (2) provide for the administration of the plan by a State agency or the supervision of the administration of the plan by a State agency; (3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are necessary for the efficient operation of the plan; (4) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for carrying out the purposes specified in section 511; and (6) provide for cooperation with medical, health,

nursing, and welfare groups and organizations and with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children.

The amendment was agreed to.

The next amendment was, under the subhead "Payment to States", on page 33, line 10, after the word "beginning" to insert "with the quarter commencing"; so as to read:

SEC. 514. (a) From the sums appropriated therefor and the allotments available under section 512, the Secretary of the Treasury shall pay to each State which has an approved plan for services for crippled children, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

The amendment was agreed to.

The next amendment was, under the subhead "Operation of State plans", on page 34, line 25, before the word "notice", to insert "reasonable", so as to read:

SEC. 515. In the case of any State plan for services for crippled children which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 513 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the subhead "Part 3—Child-welfare services", on page 35, after line 10, to strike out:

SEC. 521. For the purpose of enabling the United States, through the Children's Bureau, to cooperate with State public-welfare agencies in establishing, extending, and strengthening, in rural areas, public-welfare services for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $1,500,000. Such amount shall be allotted for use by cooperating State public-welfare agencies, to each State, $10,000, and such part of the balance as the rural population of such State bears to the total rural population of the United States. The amount so allotted shall be expended for payment of part of the costs of county and local child-welfare services in rural areas. The amount of any allotment to a State under this section for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under this section until the end of the second succeeding fiscal year. No payment to a State under this section shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

And in lieu thereof to insert:

SEC. 521. (a) For the purpose of enabling the United States, through the Children's Bureau, to cooperate with State public-welfare agencies in establishing, extending, and strengthening, especially in predominantly rural areas, public-welfare services for the care of homeless or neglected children, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $1,500,000. Such amount shall be allotted by the Secretary of Labor for use by cooperating State public-welfare agencies on the basis of plans developed jointly by the State agency and the Children's Bureau, to each State, $10,000, and the remainder to each State on the basis of such plans, not to exceed such part of the remainder as the rural population of such State bears to the total rural population of the United States. The amount so allotted shall be expended for payment of part of the cost of district, county, or other local child-welfare services in areas predominantly rural, and for developing State services for the encouragement and assistance of adequate methods of community child-welfare organization in areas predominantly rural and other areas of special need. The amount of any allotment to a State under this section for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under this section until the end of the second succeeding fiscal year. No payment to a State under this section shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

(b) From the sums appropriated therefor and the allotments available under subsection (a) the Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States, and the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor.

The amendment was agreed to.

The next amendment was, under the subhead "Part 4—Vocational rehabilitation", on page 38, line 19, after the word "the", to strike out "Federal agency authorized to administer it" and insert "Office of Education in the Department of the Interior," so as to read:

(b) For the administration of such act of June 2, 1920, as amended, by the Office of Education in the Department of the Interior, there is hereby authorized to be appropriated for the fiscal years ending June 30, 1936, and June 30, 1937, the sum of $22,000 for each such fiscal year in addition to the amount of the existing authorization, and for each fiscal year thereafter the sum of $102,000.

The amendment was agreed to.

The next amendment was, under the subhead "Part 5—Administration", on page 39, line 5, after the word "title", to insert a comma and "except section 531", and in line 9, after the word "title", to insert a comma and "except section 531", so as to make the section read:

SEC. 541. (a) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $425,000 for all necessary expenses of the Children's Bureau in administering the provisions of this title, except section 531.

(b) The Children's Bureau shall make such studies and investigations as will promote the efficient administration of this title, except section 531.

(c) The Secretary of Labor shall include in his annual report to Congress a full account of the administration of this title, except section 531.

The amendment was agreed to.

The next amendment was, under the subhead "State and local public health services", on page 40, line 20, after the word "regulations", to insert "previously", so as to read:

(c) Prior to the beginning of each quarter of the fiscal year the Surgeon General of the Public Health Service shall, with the approval of the Secretary of the Treasury, determine, in accordance with rules and regulations previously prescribed by such Surgeon General after consultation with a conference of the State and Territorial health authorities, the amount to be paid to each State for such quarter from the allotment to such State, and shall certify the amount so determined to the Secretary of the Treasury. Upon receipt of such certification, the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

The amendment was agreed to.

The next amendment was, under the heading "Title VII—Social Security Board—Establishment", on page 42, line 13, after the word "established", to insert "in the Department of Labor"; and in line 17, after the word "Senate" to insert "During his term of membership on the board, no member shall engage in any other business, vocation, or employment. Not more than two of the members of the board shall be members of the same political party", so as to read:

SEC. 701. There is hereby established in the Department of Labor a Social Security Board (in this act referred to as the "Board") to be composed of three members to be appointed by the President, by and with the advice and consent of the Senate. During his term of membership on the Board, no member shall engage in any other business, vocation, or employment. Not more than two of the members of the Board shall be members of the same political party. Each member shall receive a salary at the rate of $10,000 a year and shall hold office for a term of 6 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of the enactment of this act shall expire, as designated by the President at the time of appointment, one at the end of 2 years, one at the end of 4 years, and one at the end of 6 years, after the date of the enactment of this act. The President shall designate one of the members as the chairman of the Board.

The amendment was agreed to.

The next amendment was, under the subhead "Expenses of the Board", on page 43, line 22, after the word "act" to insert "Appointments of attorneys and experts may be made without regard to the civil-service laws."; so as to read:

SEC. 703. The Board is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out its functions under this act. Appointments of attorneys and experts may be made without regard to the civil-service laws.

The amendment was agreed to.

The next amendment was, under the subhead "Reports" on page 44, line 2, after the word "The" to strike out

"Board" and insert "Board, through the Secretary of Labor,"; so as to read:

SEC. 704. The Board, through the Secretary of Labor, shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which it is charged.

The amendment was agreed to.

The next amendment was, under the subhead "Deduction of tax from wages", on page 45, line 14, after the words "shall be", to strike out "made in" and insert "made, without interest, in"; so as to read:

(b) If more or less than the correct amount of tax imposed by section 801 is paid with respect to any wage payment, then, under regulations made under this title, proper adjustments, with respect both to the tax and the amount to be deducted, shall be made, without interest, in connection with subsequent wage payments to the same individual by the same employer.

The amendment was agreed to.

The next amendment was, under the subhead "Adjustment of Employers' Tax", on page 46, line 24, after the words "shall be", to strike out "made in" and insert "made, without interest, in", so as to read:

SEC. 805. If more or less than the correct amount of tax imposed by section 804 is paid with respect to any wage payment, then, under regulations made under this title, proper adjustments with respect to the tax shall be made, without interest, in connection with subsequent wage payments to the same individual by the same employer.

The amendment was agreed to.

The next amendment was, under the subhead "Collection and payment of taxes", on page 47, line 18, after the word "collections", to insert "If the tax is not paid when due, there shall be added as part of the tax interest (except in the case of adjustments made in accordance with the provisions of sections 802 (b) and 805) at the rate of one-half per cent per month from the date the tax became due until paid", so as to read:

SEC. 807. (a) The taxes imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections. If the tax is not paid when due, there shall be added as part of the tax interest (except in the case of adjustments made in accordance with the provisions of sections 802 (b) and 805) at the rate of one-half percent per month from the date the tax became due until paid.

The amendment was agreed to.

The next amendment was, under the subhead "Definitions", on page 51, line 7, after the word "United", to strike out "States by" and insert "States, or as an officer or member of the crew of a vessel documented under the laws of the United States, by"; after line 14, to strike out:

(4) Service performed by an individual who has attained the age of 65.

After line 16, to strike out:

(5) Service performed as an officer or member of the crew of a vessel documented under the laws of the United States or of any foreign country.

In line 20, before the word "Service", to strike out "(6)" and insert "(4)"; in line 23, before the word "Service", to strike out "(7)" and insert "(5)"; on page 52, line 1, before the word "Service", to strike out "(8)" and insert "(6)"; and in line 4, after the word "purposes", to insert "or for the prevention of cruelty to children or animals", so as to read:

SEC. 811. When used in this title—

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include that part of the remuneration which, after remuneration equal to $3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

(b) The term "employment" means any service, of whatever nature, performed within the United States or as an officer or member of the crew of a vessel documented under the laws of the United States, by an employee for his employer, except—

(1) Agricultural labor;
(2) Domestic service in a private home;
(3) Casual labor not in the course of the employer's trade or business;
(4) Service performed in the employ of the United States Government or of an instrumentality of the United States;
(5) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;
(6) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, on page 52, line 8, before the words "or more", to strike out "ten" and insert "four", so as to make the heading read:

Title IX—Tax on employers of four or more.

The amendment was agreed to.

The next amendment was, under the subhead "Certification of State Laws", on page 53, line 18, before the word "is", to strike out "all compensation" and insert "compensation", and in line 19, after the word "State", to insert a comma and "to the extent that such offices exist and are designated by the State for the purpose", so as to read:

SEC. 903. (a) The Social Security Board shall approve any State law submitted to it, within 30 days of such submission, which it finds provides that—

(1) Compensation is to be paid through public employment offices in the State, to the extent that such offices exist and are designated by the State for the purpose;

The amendment was agreed to.

The next amendment was, on page 55, line 6, before the word "notice", to insert "reasonable"; so as to read:

(b) On December 31 in each taxable year the Board shall certify to the Secretary of the Treasury each State whose law it has previously approved, except that it shall not certify any State which, after reasonable notice and opportunity for hearing to the State agency, the Board finds has changed its law so that it no longer contains the provisions specified in subsection (a) or has with respect to such taxable year failed to comply substantially with any such provision.

The amendment was agreed to.

The next amendment was, under the subhead "Administration, Refunds, and Penalties", on page 58, line 3, after the word "collections" and the period, to insert "If the tax is not paid when due, there shall be added as part of the tax interest at the rate of one-half of 1 percent per month from the date the tax became due until paid"; so as to read:

SEC. 905. (a) The tax imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of one-half of 1 percent per month from the date the tax became due until paid.

The amendment was agreed to.

The next amendment was, under the subhead "Definitions", on page 60, line 19, after the word "some", to strike out "twenty" and insert "thirteen"; and in line 23, after the word "was", to strike out "ten" and insert "four"; so as to read:

SEC. 907. When used in this title—

(a) The term "employer" does not include any person unless on each of some 13 days during the taxable year, each day being in a different calendar week, the total number of individuals who were in his employ for some portion of the day (whether or not at the same moment of time) was four or more.

The amendment was agreed to.

The next amendment was, on page 61, line 22, after the word "purposes", to insert "or for the prevention of cruelty to children or animals"; so as to read:

(7) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, on page 62, line 6, after the word "compensation" to strike out the comma and insert "all the assets of which are mingled and undivided, and in

which no separate account is maintained with respect to any person "; so as to read:

(e) The term "unemployment fund" means a special fund, established under a State law and administered by a State agency, for the payment of compensation.

The amendment was agreed to.

The next amendment was, on page 62, line 21, after the word "sections", to strike out "903 and 904" and insert "903, 904, and 910", so as to read:

RULES AND REGULATIONS

SEC. 908. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make and publish rules and regulations for the enforcement of this title, except sections 903, 904, and 910.

The amendment was agreed to.

The next amendment was, on page 62, after line 21, to insert:

ALLOWANCE OF ADDITIONAL CREDIT

SEC. 909. (a) In addition to the credit allowed under section 902, a taxpayer may, subject to the conditions imposed by section 910, credit against the tax imposed by section 901 for any taxable year after the taxable year 1937, an amount, with respect to each State law, equal to the amount, if any, by which the contributions, with respect to employment in such taxable year, actually paid by the taxpayer under such law before the date of filing his return for such taxable year, is exceeded by whichever the following is the lesser—

(1) The amount of contributions which he would have been required to pay under such law for such taxable year if he had been subject to the highest rate applicable from time to time throughout such year to any employer under such law; or

(2) Two and seven-tenths per centum of the wages payable by him with respect to employment with respect to which contributions for such year were required under such law.

(b) If the amount of the contributions actually so paid by the taxpayer is less than the amount which he should have paid under the State law, the additional credit under subsection (a) shall be reduced proportionately.

(c) The total credits allowed to a taxpayer under this title shall not exceed 90 percent of the tax against which such credits are taken.

The amendment was agreed to.

The next amendment was, at the top of page 64, to insert:

CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE

SEC. 910. (a) A taxpayer shall be allowed the additional credit under section 909, with respect to his contribution rate under a State law being lower, for any taxable year, than that of another employer subject to such law, only if the Board finds that under such law—

(1) Such lower rate, with respect to contributions to a pooled fund, is permitted on the basis of not less than 3 years of compensation experience;

(2) Such lower rate, with respect to contributions to a guaranteed employment account, is permitted only when his guaranty of employment was fulfilled in the preceding calendar year, and such guaranteed employment account amounts to not less than 7½ percent of the total wages payable by him, in accordance with such guaranty, with respect to employment in such State in the preceding calendar year;

(3) Such lower rate, with respect to contributions to a separate reserve account, is permitted only when (A) compensation has been payable from such account throughout the preceding calendar year, and (B) such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the three preceding calendar years, and (C) such account amounts to not less than 7½ percent of the total wages payable by him (plus the total wages payable by any other employers who may be contributing to such account) with respect to employment in such State in the preceding calendar year.

(b) Such additional credit shall be reduced, if any contributions under such law are made by such taxpayer at a lower rate under conditions not fulfilling the requirements of subsection (a), by the amount bearing the same ratio to such additional credit as the amount of contributions made at such lower rate bears to the total of his contributions paid for such year under such law.

(c) As used in this section—

(1) The term "reserve account" means a separate account in an unemployment fund, with respect to an employer or group of employers, from which compensation is payable only with respect to the unemployment of individuals who were in the employ of such employer or of one of the employers comprising the group.

(2) The term "pooled fund" means an unemployment fund or any part thereof in which all contributions are mingled and undivided, and from which compensation is payable to all eligible individuals, except that to individuals last employed by employers with respect to whom reserve accounts are maintained by the State agency, it is payable only when such accounts are exhausted.

(3) The term "guaranteed employment account" means a separate account in an unemployment fund of contributions paid by an employer (or group of employers) who

(A) guarantees in advance 30 hours of wages for each of 40 calendar weeks (or more, with 1 weekly hour deducted for each added week guaranteed) in 12 months to all the individuals in his employ in one or more distinct establishments, except that any such individual's guaranty may commence after a probationary period (included within 12 or less consecutive calendar weeks); and

(B) gives security or assurance, satisfactory to the State agency, for the fulfillment of such guaranties,

from which account compensation shall be payable with respect to the unemployment of any such individual whose guaranty is not fulfilled or renewed and who is otherwise eligible for compensation under the State law.

(4) The term "year of compensation experience", as applied to an employer, means any calendar year throughout which compensation was payable with respect to any individual in his employ who became unemployed and was eligible for compensation.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, in connection with the committee amendment on page 62 and following pages, I think it would be well if I were to ask unanimous consent to have printed in the RECORD at this point an explanation of that amendment, with which I had intended to acquaint the Senate in case any questions should be asked about it. I ask unanimous consent to have the statement printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Without objection, it is so ordered.

The statement is as follows:

THE CASE FOR PERMITTING STATES TO ADOPT THE SEPARATE RESERVE ACCOUNT TYPE OF UNEMPLOYMENT-COMPENSATION LAW AND FOR GIVING CREDIT TO EMPLOYERS WHO HAVE REGULARIZED EMPLOYMENT

INTRODUCTORY STATEMENT

There are two principal types of unemployment-compensation laws: The pooled unemployment-insurance fund type and the separate reserve account type. In the pooled unemployment-insurance law all contributions are commingled, and payments of compensation are made from this common fund regardless of the particular employer for whom the unemployed workmen may have worked. In the reserve account type of unemployment-compensation law the contributions of each employer are kept separate for accounting purposes and each employer's account is charged only with the compensation payable to his own employees.

Except for accounting purposes the funds under both types of laws will be handled in exactly the same manner. The employers will pay their contributions to the State and the State will, under the Social Security Act, deposit these contributions in the United States Treasury, the Federal Reserve bank, or a bank designated to receive these deposits by the United States Treasury. The moneys in either case would be kept in an unemployment trust fund in the United States Treasury to the credit of the State and will be invested and liquidated as directed by the Secretary of the Treasury. The Secretary of the Treasury will keep one account only with each State. If the separate reserve account type of law, however, is permitted, the State will keep accounts with each employer, crediting him with his contributions and charging him with the payments made to his own employees.

The original economic security bill, following the recommendations of the Committee on Economic Security, permitted freedom to the States to determine the kind of unemployment-compensation law they wished to enact. It also provided that where employers have built up adequate reserves or have had a very favorable unemployment experience, the States might permit them, while they maintain such favorable employment record, to make contributions at a lower rate than that required from other employers, and that in that event an additional credit against the Federal tax for unemployment-compensation purposes shall be allowed such employers equal to the credit granted under the State law. A similar provision occurred also in the Wagner-Lewis bill of the Seventy-third Congress.

The House Ways and Means Committee voted to eliminate from the bill the permission to States to have a separate reserve account type of compensation law. Consistently with this action, it also struck out of the bill all provisions relating to credits for employers who have regularized their employment. The House bill as it came to the Senate provides that only States which have unemployment-compensation laws of the pooled type shall be recognized for purposes of credit against the Federal tax, thus in effect compelling all States to adopt this particular type of unemployment-compensation law. It also contained no provisions for any encouragement to employers to regularize their employment.

The amendment proposed by the Senate Finance Committee to section 907 (7) (e), restores permission to States to establish any type of unemployment-compensation law they wish. The new sections 909 and 910 provide for credits to employers who have regularized their employment, subject to conditions stated in section 910.

EXPLANATION OF SENATE AMENDMENTS AND OF OTHER GENERAL PURPOSES

The amendment to section 907 (7) (e) strikes from the House bill the provision that an unemployment fund established under a State law, to be recognized for purposes of credit against the Federal tax imposed in title IX, must provide that all assets are mingled and undivided and without separate accounts with respect to any employer. Under the House bill all States would be required to have pooled unemployment funds. With the amendments of the Finance Committee the States will be free to determine the type of unemployment-compensation law they wish to adopt, and whatever type they adopt will be recognized for purposes of credit against the Federal tax. This change does not compel the States to adopt the separate reserve account type of law but permits them to do so if they wish.

The new sections, 909 and 910, deal with what is called in the bill "the allowance of additional credit." Section 901 imposes an excise tax measured by pay rolls (beginning at 1 percent and increasing to an ultimate 3 percent) upon all employers of 10 or more employees, with stated exceptions.

Section 902 provides for a credit not exceeding 90 percent of the tax for payments made to State unemployment-compensation funds which meet the conditions prescribed in section 903.

The new section 909 provides for an additional credit to employers who have had a favorable unemployment experience. This additional credit is the amount by which they have been permitted to reduce their contributions under the State unemployment-compensation law. (As an illustration, if the State law permits an employer who has regularized his employment to reduce his rate of contribution to 2 percent, he will be entitled to credit against the Federal tax not of the 2 percent he has actually paid during the taxable year but of 2.7 percent—90 percent of 3 percent—which is the maximum credit that he can ever get, since all employers must always pay at least 10 percent of the Federal tax.) The additional credit permitted under this section may be granted under a pooled type of unemployment-compensation law as well as under the separate reserve account type of law.

The allowance of additional credit is hedged in with conditions which are set forth in section 910 and which are designed to prevent a reduction in the rate of contribution when employers have not genuinely regularized their employment. Three different types of provisions are distinguished, under which employers may be permitted a reduction in their rates of contribution:

(1) Reduced rates of contribution under pooled unemployment-compensation laws.

(2) Reduced rates of contribution under separate reserve account unemployment-compensation laws.

(3) Reduced rates of contribution where employers provide guaranteed employment.

The condition prescribed by the reduction of rates of contribution of pooled unemployment-insurance laws is that no reduction may be made until after 3 years of compensation experience. The condition applicable to the separate reserve account type of unemployment-compensation law is that the employer must have built up a reserve equal to at least five times the largest amount of compensation which has been paid from his account within any one of the three preceding calendar years or equal to at least 7.5 percent of his total pay roll during the preceding calendar year, whichever is the larger.

The conditions under which reduced rates of contribution are recognized, where permitted by the State law, to an employer who has guaranteed employment to all or some of his employees are:

(1) The period of guaranteed employment is at least 40 weeks during the year with not less than 30 hours of work during any week. (If the guaranty is for more than 40 weeks during the years, the hours per week may be reduced by the same number as the number of weeks of guaranteed work is increased—i. e., if the guaranty is for 42 weeks, only 28 hours of work need be given.)

(2) The employer must have actually fulfilled his guarantee.

(3) The employer must have built up a reserve of not less than 7.5 percent of his pay roll in the preceding year, from which compensation is payable to employees in the event the guarantee is not fulfilled or not renewed, and the employee, in consequence, becomes unemployed and is unable to find other work.

WHY STATES SHOULD BE PERMITTED FREEDOM OF CHOICE WITH RESPECT TO THE TYPE OF UNEMPLOYMENT-COMPENSATION LAW THEY WISH TO ADOPT

(1) Freedom of choice or permission to the States to determine for themselves what type of unemployment-compensation law they wish to adopt is in accord with the entire theory of the Social Security Act. The Social Security Act contemplates not dictation by the Federal Government but assistance to the States in developing measures of social security. In both Houses of the Congress there has been overwhelming sentiment against provisions giving anyone in Washington authority to tell the States what they must do. Many standards included in the original bill were eliminated for this reason. In this particular case, however, the House deprived the States of freedom of choice. In substantially all other respects the States are free to determine what sort of unemployment-compensation law they wish. The conditions prescribed in section 902 for the approval of State unemployment-compensation laws are not restrictions but merely standards to make certain that the State laws are genuine unemployment-insurance laws and not mere relief measures. The States are left free to determine whether they wish to have employee contributions or not, what waiting period there shall be, what the rate of benefit shall be, the duration of benefits, and every other feature of a compensation law except the general type of law they wish to have. Under the House bill they must have a pooled unemployment-insurance fund, though practically all other provisions can be determined as they see fit. This is utterly illogical.

(2) While there are advantages in a pooled-fund type of law, there are also advantages in a separate reserve account type of law, and at this stage there is no good reason why the States should not be permitted to have the type of unemployment-compensation law they wish. In arguing for freedom of choice for the States with respect to the type of unemployment-compensation law they desire, it is not necessary to detract from the pooled-fund type of law. Good arguments can be made in behalf of this type of law, but there are also valid arguments in favor of the other type.

The principal arguments in favor of separate reserve accounts are the following:

(a) Separate reserve accounts furnish a stronger incentive to employers to regularize their employment. Where an employer is charged with the cost of compensation payable to workmen he lays off, he naturally will make greater efforts to avoid having to lay off anyone than under a system where discharges cost him nothing. Employers cannot prevent all unemployment, but there is little doubt that many employers can do very much more than they are doing through reduced hours of labor when business slackens, and other methods.

(b) A separate reserve account type of unemployment-compensation law is stronger constitutionally than a pooled type of law. In the recent decision of the Supreme Court in the *Railroad Retirement Board v. The Alton Railroad Co.*, the majority of the Supreme Court laid considerable stress upon the fact that under the Railroad Retirement Act all funds were pooled and all railroads were required to make contributions at the same rate regardless of the age composition of their employee group. The majority of the Court held that a system of this kind violated the due process clause of the Constitution—amounting to the taking of the property of some railroads for the benefit of the employees of other railroads. This particular part of the decision of the majority of the Supreme Court in this case is not necessarily conclusive upon the constitutionality of pooled unemployment-insurance funds, but does cast doubt upon the constitutionality of such funds unless provision is made for varying rates in accordance with the risk and experience of the individual employer. Under the separate reserve account type of law, each employer pays only for unemployment among his own employees. This completely meets the objection of the majority of the Supreme Court to the Railroad Retirement Act.

(c) A separate reserve account type of unemployment-compensation law in actual practice is very likely to provide just as adequate protection to unemployed workmen as a pooled-fund type of law. The major argument in behalf of the pooled funds is that they avoid the difficulty of a separate reserve account which may become exhausted, and, in consequence, the employees receive nothing when they become unemployed. This must be admitted as a possibility, but there is no guaranty that pooled funds will not become exhausted. When pooled funds become exhausted, not only will the employees in industries which have a vast amount of unemployment get nothing, but the employees in industries which have had very little will likewise get nothing.

Under the separate reserve account system, employees in establishments which regularize their employment, or which have low unemployment rates for any other reason, are almost sure to get full compensation when they become unemployed. But if there is a pooled fund, employees in such establishments and industries may get nothing because the employees in less regular establishments and industries have used up all of the fund.

Pooled unemployment-insurance funds are advantageous to industries and employees which have a great deal of unemployment but are disadvantageous to employees in plants and industries which have a minimum of unemployment, and the reverse of these statements applies to separate reserve accounts.

(3) The provision of the House bill requiring all States to have the pooled unemployment-insurance type of compensation law will bar 3 of the 5 unemployment-compensation laws that have already been enacted and compel all progressive employers who have voluntarily set up unemployment-compensation systems to abandon their plans. Of the five unemployment-compensation laws which have been passed to date, those of New York and Washington provide for pooled unemployment-insurance funds without any provisions for separate reserve accounts. On the other hand, the Utah and Wisconsin laws provide for separate employer reserves in all cases. The New Hampshire law provides for a pooled fund from which all payments of compensation are made but also provides that separate accounts shall be kept with each employer. These separate accounts are for the purpose of determining the rates of contribution to be paid by the employer in future years, the New Hampshire law providing that the rates of contribution shall be reduced after 3 years where employers have had a favorable experience and shall be increased if they have had a poor record. The House bill bars this New Hampshire plan, no less than the Utah and Wisconsin separate reserve account type of law.

The Wisconsin law is the only one now in actual operation. It was passed in 1932 and became effective, with regard to the collection of contributions, on July 1, 1934. Since then more than

$5,000,000 have been collected under the Wisconsin law and set aside in separate reserve accounts for the payment of compensation to the unemployed workmen of employers to whom these accounts belong. Under the Wisconsin law these payments of compensation are to begin on July 1 of this year, and more than $5,000,000 will be available at that time for the payment of claims of workmen who may thereafter become unemployed. If the Social Security Act should become law in the form in which it passed the House, Wisconsin, as well as Utah and New Hampshire, will have to scrap its unemployment compensation act and begin all over again. The separate reserves under the Wisconsin law are the property of the employers, and the money already collected will have to be returned to the employers, the employees in the State losing the advantages of the funds which have already been accumulated.

The House bill penalizes the progressive employers and the States which have pioneered. This is done on the assumption that separate reserve accounts are inferior to pooled unemployment-insurance funds. Such assumption is not based on any actual experience, but rests entirely upon theoretical grounds. For Congress to penalize those who have pioneered because, forsooth, what they have done does not please some theorists, is a gross injustice and would have a most retarding effect upon all pioneering toward social progress.

WHY THE FINANCE COMMITTEE AMENDMENT ON ADDITIONAL CREDITS TO EMPLOYERS WHO HAVE REGULARIZED THEIR EMPLOYMENT SHOULD BE ADOPTED

(1) Prevention of unemployment is very much more important than compensation for unemployment. Unemployment compensation can give unemployed workers only a partial wage and for a limited period. None of the unemployment compensation laws enacted to date gives compensation of more than 50 percent of the prior wages, and in all of them the duration of payments is strictly limited. Unemployment compensation is distinctly better than nothing, but so long as at least half-time work is provided the employees are better off if they are retained in employment than if they are laid off. (Most employees actually prefer earning less money and being kept on the pay roll than being severed therefrom and drawing slightly more compensation for a limited period.)

(2) Under the Finance Committee amendment, unemployment compensation will tend to stimulate the regularization of employment, without which the reverse effect may result. While employers must pay the same rate of contributions, whether they have much or little unemployment, there is no incentive at all to reduce unemployment. When orders slacken, the natural thing for them to do is to discharge employees who are no longer needed. Where employers can save money, on the other hand, through regularizing their employment, they may be expected to do everything that they can to reduce their costs. When orders slacken, instead of discharging some employees, they will have a strong incentive to reduce hours of labor and to spread their work among all of their employees so that they do not have to pay compensation from their own accounts to some of these employees. Likewise, they will try to eliminate seasonal and other irregularities as best they can. The extent to which they can do so will vary with different industries, but under the stimulus of the possibility of reducing rates of contribution, it is to be expected that employers will do very much more toward regularizing employment than they have done heretofore.

(3) These provisions carry out the oft-expressed wish of the President that unemployment compensation should promote the regularization of employment. Upon this point the President stated in his message of January 17, 1935, which dealt exclusively with the subject of social security: "An unemployment-compensation system should be constructed in such a way as to afford every practicable aid and incentive toward the larger purpose of employment stabilization. This can be helped by the intelligent planning of both public and private employment. * * * Moreover, in order to encourage the stabilization of private employment, Federal legislation should not foreclose the States from establishing means for inducing industries to afford an even greater stabilization of employment."

The same thought was reiterated by the President in his fireside address on May 5. The views of the President on this subject are in accord with sound public policy and accurately reflect the sentiment of the country.

(4) These provisions relating to additional credit, it is believed, will strengthen the constitutionality of title IX. Title IX is believed to be fairly safe against attack on constitutional grounds, because the offset provision is modeled directly after the corresponding provision in the Federal estates tax law, under which a credit is allowed (up to 80 percent of the tax) for payments made under State inheritance tax laws. This provision of the Federal estates tax law was sustained as constitutional in a unanimous decision of the United States Supreme Court in a suit brought by the State of Florida. Nevertheless, the change proposed in the Finance Committee amendments will be distinctly helpful in this respect. It will make it clear to the Court that contribution rates can be adjusted in accordance with the risk and experience of each particular employer. This renders impossible the application of the doctrine of the Railroad Retirement Act case to title IX.

(5) Section 911 provides ample safeguards against possible abuse of the additional credit provision. As noted above in the explanation of this provision, additional credits are possible under any type of compensation law. In each case, however, these credits are hedged in to prevent States from arbitrarily reducing contribution rates to favor particular employers.

Under the pooled-fund type of law, contribution rates may not be reduced for 3 years and must then be made on the basis of actual experience. Under the reserve type of law, contributions cannot be reduced until adequate reserves have been built up. These reserves must be at least equal to five times the maximum amount of compensation that has been payable in any one of the three preceding years. (In other words, an employer must have a reserve which would enable him to pay five times the compensation he has paid in any recent year.) Such reserves in no case may be less than 7.5 percent of his annual pay roll. With a 3-percent contribution rate, it is impossible for employers to build up a reserve of this size in less than 3 years, even if they have no unemployment.

Similarly, guaranteed employment is hedged in with adequate conditions. Guaranteed employment in effect amounts to putting ordinary workmen on an annual salary basis, which is the best possible guaranty against unemployment. If everyone were guaranteed an annual salary there would be no need for unemployment compensation. Under section 910 the guaranty must be a substantial one and must be fulfilled before the employer can get any credit because of such guaranty. Workmen must be guaranteed 40 weeks of employment during the year, and if the guaranty is not fulfilled or renewed, and they become unemployed, the employer must pay unemployment compensation to them on the same basis as to other employees. To make certain that he will have funds to do so, he must have in his reserve account at least 7.5 percent of his annual pay roll before his rate of contribution to the unemployment fund may be reduced.

With these safeguards, it is rendered certain that the additional credit provision cannot be manipulated to give employers reduced rates unless they have in effect regularized their employment. It is only when they have fulfilled all of the conditions and only when the State law permits them to reduce their rates of contribution that they are entitled to any additional credits against the Federal tax.

The next amendment was, on page 67, after line 2, to insert:

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

APPROPRIATION

SECTION 1001. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are permanently blind, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $3,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Social Security Board, State plans for aid to the blind.

The amendment was agreed to.

The next amendment was, on page 67, after line 16, to insert:

STATE PLANS FOR AID TO THE BLIND

SEC. 1002. (a) A State plan for aid to the blind must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim for aid is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; and (7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this act.

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes, as a condition of eligibility for aid to the blind under the plan—

(1) Any residence requirement which excludes any resident of the State who has resided therein 5 years during the 9 years immediately preceding the application for aid and has resided therein continuously for 1 year immediately preceding the application; or

(2) Any citizenship requirement which excludes any citizen of the United States.

The amendment was agreed to.

The next amendment was, at the top of page 69, to insert:

PAYMENT TO STATES

SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning

with the quarter commencing July 1, 1935, (1) an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan with respect to each individual who is permanently blind and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (2) 5 percent of such amount, which shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of clause (1) of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such clause, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of permanently blind individuals in the State, and (C) such other investigation as the Board may find necessary.

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State under clause (1) of subsection (a) for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State at the time or times fixed by the Board, the amount so certified, increased by 5 percent.

The amendment was agreed to.

The next amendment was, at the top of page 71, to insert:

OPERATION OF STATE PLANS

SEC. 1004. In the case of any State plan for aid to the blind which has been approved by the Board, if the Board, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any residence or citizenship requirement prohibited by section 1002 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 1002 (a) to be included in the plan—

the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, on page 71, after line 21, to insert:

ADMINISTRATION

SEC. 1005. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $30,000 for all necessary expenses of the Board in administering the provisions of this title.

The amendment was agreed to.

The next amendment was, on page 72, after line 2, to insert:

DEFINITION

SEC. 1006. When used in this title, the term "aid to the blind" means money payments to permanently blind individuals.

The Chief Clerk proceeded to read the amendment beginning on page 72, after line 6, being title XI.

Mr. HARRISON. Mr. President, the Senator from Connecticut [Mr. LONERGAN] is interested in this matter, and I have agreed to let that amendment go over. I ask t[illegible]t that amendment be passed over.

The PRESIDING OFFICER. The Chair will ask to which amendment the Senator refers.

Mr. HARRISON. The amendment on page 72, beginning with line 7. I refer to all of title XI, with reference to annuity bonds.

The PRESIDING OFFICER. Does the Senator ask that the entire title shall be passed over?

Mr. HARRISON. Yes; the entire title with reference to annuity bonds.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The next amendment of the Committee on Finance was, on page 80, line 5, after the word "title", to strike out "X" and insert "XII", so as to make the heading read:

Title XII—General Provisions.

The amendment was agreed to.

The next amendment was, on page 80, line 7, after the word "section", to strike "1001" and insert "1201", so as to read:

SEC. 1201. (a) When used in this act—

The amendment was agreed to.

The next amendment was, under the subhead "Rules and Regulations", on page 81, line 18, to change the section number from 1002 to 1202.

The amendment was agreed to.

The next amendment was, under the subhead "Separability", on page 82, line 2, to change the section number from 1003 to 1203.

The amendment was agreed to.

The next amendment was, under the subhead "Reservation of Power", on page 82, line 8, to change the section number from 1004 to 1204.

The amendment was agreed to.

The next amendment was, under the subhead "Short Title", on page 82, line 11, after the word "Sec.", to strike out "1005" and insert "1205", so as to read:

SEC. 1205. This act may be cited as the "Social Security Act."

The amendment was agreed to.

Mr. HARRISON. Mr. President, I told several Senators that we should complete consideration of the committee amendments today. I wonder if any Senator desires to speak on the bill. I notice the Senator from Oregon [Mr. MCNARY] is not in the Chamber at the moment.

Mr. FLETCHER. Mr. President, is the offering of other amendments in order at this time?

Mr. HARRISON. The Senator from New York [Mr. WAGNER] has an amendment with reference to those who are blind, to which amendment personally I have no objection.

The PRESIDING OFFICER. Will the Senator from New York send his amendment to the desk?

Mr. WAGNER. Will the Chair indulge me for a moment?

Mr. LONG and Mr. HARRISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized:

Mr. HARRISON. I offer a proposed unanimous-consent agreement and ask that it may be adopted.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The Chief Clerk read as follows:

I ask unanimous consent that beginning Monday, June 17, at 8 o'clock p. m., no Senator shall speak more than once or longer than 15 minutes on any amendment or motion, or more than once or longer than 30 minutes on the bill H. R. 7260, the so-called "social-security bill."

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object. Is there objection to my having the floor to reply to the Senator from Arizona?

Mr. HARRISON. There are several Senators interested in having this agreement entered into.

Mr. BORAH. Mr. President, before the Senator from Louisiana proceeds, permit me to say that the most important discussion will arise on the amendments. Will not the Senator therefore change the time so as to give the greater length of time on the amendments rather than on the bill itself?

Mr. HARRISON. I have no objection to doing that. I think there ought to be some kind of agreement. I modify the agreement so as to provide not more than 30 minutes on any amendment or motion and not longer than 15 minutes on the bill.

Mr. McNARY. Mr. President, does the Senator propose at this time to go forward with his efforts or to suspend until the Senator from Louisiana shall have concluded his remarks?

Mr. HARRISON. The Senator from Louisiana has objected. I had been hopeful I might get this matter out of the way.

Mr. LONG. Mr. President, I hope the Senator from Mississippi will let me make reply to the Senator from Arizona, and then he probably can get it out of the way.

I desire to acknowledge my gratitude for the special preparation which my friend from Arizona made with regard to

me. I would not have given him a chance to read this marvelously concocted written preparation had I not by accident run into the discussion between himself and the Senator from Michigan [Mr. VANDENBERG]. I believe he has me to thank for having brought about the occasion by which his efforts in preparing this eloquent address were not sniped out in some other experiences which might not have given the Senator from Arizona the opportunity to read his carefully prepared statement. I thank the Senator from Arizona for this.

The Senator, however, has his facts a little wrong. He says that during these days of depression, as in the case of all storms, various things are washed up on the sands and on the shores; and he says that among other things washed up, I believe, are the catfish, the crawfish, the kingfish, the barracuda, and other kinds of fish. The kingfish is even a more vicious species of marine life than the barracuda itself, so I am told; but the Senator from Arizona overlooks one thing. There is another species that is washed up on the shores in large numbers, and that is the tadpole. That is the animal that I now wish to bring to the attention of the Senator from Arizona.

The tadpole is a form of life which, during these depressions, goes out and promises one thing and then comes in and does another. That species is far more numerous than the kingfish, the whale, the crawfish, the turtle, or any other form of marine life. If it may please my friend the Senator from Arizona, I shall be glad to have him call to mind that, undertaking to avoid some of the descriptions which he has seen fit to give to the Senate, I have taken the words of our illustrious President for all the course I have followed here; not that he was the first to have made the statement, but I have taken the words of our illustrious President wherein he said that the people of the United States are entitled to share in a redistribution of wealth. Therefore I have used that as my landmark since the political campaign of 1932 ended.

Some few days ago, when we had up one of our important discussions, I was talking to a friend of mine in this body who, during one of his heated campaigns, had sent a telegram, or his office had sent a telegram, saying that he was in favor of such-and-such a bill or such-and-such an issue, and requesting that the fact that he was of that faith be speedily communicated to those interested. The telegram was sent to me, and I discussed it with my friend; and he said to me, "Yes; I suppose that is so." He said, "In the closing days of the campaign, when I am away from my office, and every kind of inquiry is being shot here and yonder, the only safe thing I know to do is to have them all telegraphed that I am in favor of whatever they telegraph for." I could not quarrel with that as being the attitude of some of my colleagues, because in this changing day of political campaigns I can recognize that with perhaps 90 percent of us that is about the only thing we know how to do.

For the benefit of the Senator from Arizona, however, I will state that I am advocating what I advocated at the age of 21. It did not have much support in this body during those days, I am sure. It had little support when I came here. However, it has been advocated by the present President of the United States, and by the ex-President of the United States, and they are all going to be "exes" until they either cease making that promise or some of them see fit to keep it.

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. HARRISON obtained the floor.

Mr. WAGNER. Mr. President——

Mr. HARRISON. Will the Senator from New York withhold offering his amendment until I can ascertain whether or not we can secure an agreement for a limitation of debate?

Mr. WAGNER. Yes.

Mr. LONG. What is the Senator's proposal?

Mr. HARRISON. I have submitted a request for unanimous consent that beginning on Monday at 3 o'clock debate be limited on any amendment—I have changed the time to meet the desire of the Senator from Idaho—to 25 minutes, and 25 minutes on the bill, and that no Senator be permitted to speak more than once on any amendment or on the bill.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Let the Chair submit the request to the Senate. The Senator from Mississippi submits a request for unanimous consent, which will be stated by the clerk.

The enrolling clerk (William W. Horne) read as follows:

> It is agreed by unanimous consent that, beginning on Monday, June 17, at 3 o'clock p. m., no Senator shall speak more than once or longer than 25 minutes on any amendment or motion, or more than once or longer than 25 minutes on H. R. 7260, the social-security bill.

The PRESIDING OFFICER. Is there objection?

Mr. CLARK. Mr. President, I have no desire to delay the passage of this bill at all, but I have a rather important amendment which I desire to discuss on Monday; and while I shall not desire to discuss it very long at any particular time, it is entirely probable that after I shall have discussed the amendment there will be a reply on behalf of the experts who have drafted the bill, and I shall probably desire to speak twice on the bill. Under those circumstances I am constrained to object, without any desire to delay the passage of the bill.

Mr. HARRISON. May I ask the Senator from Missouri what he would suggest in lieu of the proposal as submitted. Would a limitation of 45 minutes on the bill and 30 minutes on any amendment that may be offered be agreeable?

Mr. CLARK. That would be entirely agreeable to me so far as the time limit is concerned, except that I might desire to divide up my time. That is the whole question with me.

Mr. HARRISON. Then I should like the proposed agreement changed so that in speaking 45 minutes on the bill a Senator shall not be confined to one speech; that he may divide up the time he speaks on the bill.

Mr. CONNALLY. Mr. President, the proposed unanimous-consent agreement provides that a Senator may speak once on each amendment and once on the bill.

Mr. HARRISON. Yes; that is true.

Mr. LA FOLLETTE. Mr. President, I suggest that the situation which the Senator from Missouri has in mind might be taken care of by permitting the Senator to use such time as he desires to use on the bill at different intervals and under different recognitions from the Chair, so that if the Senator had a total of 25 minutes on the bill, and desired to speak for 10 minutes, he could reserve the balance of his time.

Mr. CLARK. That arrangement would be entirely satisfactory to me.

Mr. HARRISON. Then, I ask unanimous consent that, beginning at 3 o'clock on Monday, no Senator shall speak longer than 25 minutes on any amendment——

Mr. McNARY. No, Mr. President; in view of the absence of the Senator from Idaho [Mr. BORAH] and his previous statement, I suggest that the time of speaking on amendments should be 30 minutes.

Mr. HARRISON. Very well; I ask unanimous consent that beginning at 3 o'clock on Monday, no Senator shall speak more than once or longer than 30 minutes on any amendment or motion, and that on the bill he shall not speak longer than 45 minutes.

Mr. CONNALLY. That he shall speak only once and not longer than 45 minutes?

Mr. HARRISON. No; I did not say "once" on the bill. That time can be divided up.

Mr. LONG. I think that is all right, with the specific understanding that the 45 minutes can be divided up as one may desire, which will enable one offering an amendment, by speaking under his time on the bill, to make reply.

Mr. HARRISON. Absolutely.

Mr. LONG. I think that is all right.

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

The agreement as entered into was reduced to writing, as follows:

Ordered by unanimous consent, That beginning Monday, June 17, at 3 o'clock p. m., no Senator shall speak more than once or longer than 30 minutes on any amendment or motion, and not longer than 45 minutes on the bill H. R. 7260, the social security bill.

Mr. WAGNER. Mr. President, I send to the desk three amendments which simply make more flexible the provisions permitting the use of some of the funds provided under this proposed legislation for the benefit of the blind. They are amendments which have been suggested to me by Helen Keller. There is no woman in the country who is more interested in the underprivileged than is that remarkable woman.

I understand that the consideration of these amendments will require a reconsideration of the votes by which the committee amendments were adopted at the respective places.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The Senator from New York asks unanimous consent that the vote by which title X was adopted may be reconsidered in order that he may offer certain amendments. Is there objection? The Chair hears none, and the vote is reconsidered.

The Senator from New York offers certain amendments which will be stated.

The CHIEF CLERK. In the committee amendment, on page 72, at the end of line 6, before the period, it is proposed to insert—

and money expended for locating blind persons, for providing diagnoses of their eye condition, and for training and employment of the adult blind.

Mr. HARRISON. Mr. President, I may say with reference to that amendment that it will require no additional money, but part of the appropriation made in the bill may be used for this purpose. The Association for the Blind have made this request. It seems to me most reasonable, and I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The CHIEF CLERK. In the committee amendment on page 67, after line 16, it is proposed to insert:

Of said sum, each year $1,500,000 or such part thereof as shall be necessary shall be used in making payments to States of amounts equal to one-half of the total of the sums expended.

Mr. HARRISON. That carries out the same idea.

Mr. WAGNER. The same idea.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 68, at the end of line 15, it is proposed to insert the following:

(8) provide that money payments to any permanently blind individual will be granted in direct proportion to his need; and (9) contain a definition of blindness and a definition of needy individuals which will meet the approval of the Social Security Board.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment, as amended.

The amendment, as amended, was agreed to.

Mr. WALSH. Mr. President, I ask the Senator from Mississippi whether it is agreeable to consider at this time two amendments which I have offered.

Mr. HARRISON. It is.

Mr. WALSH. I submit the amendments, which relate to subparagraph (d) on page 81. The explanation of the amendments will be found on page 8333 of the CONGRESSIONAL RECORD of May 28, 1935.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 81, line 12, after the word "Federal", it is proposed to insert the words "or State", and in line 16, after the word "child", it is proposed to insert a period and strike out the words "in violation of the law of a State."

Mr. HARRISON. I have no objection to the amendments.

Mr. McNARY. Will the Senator from Massachusetts state the purpose of his amendments?

Mr. WALSH. I will ask the Senator to read with me subsection (d) on page 81, which is under the title of "Definitions":

Nothing in this act shall be construed as authorizing any Federal—

One of the amendments provides for the insertion of the words "or State" in that place, so as to read:

(d) Nothing in this act shall be construed as authorizing any Federal or State official, agent, or representative, in carrying out any of the provisions of this act, to take charge of any child over the objection of either of the parents of such child, or of the person standing in loco parentis to such child, in violation of the law of a State.

The second amendment would strike out the last phrase, "In violation of the law of a State." Some States have no such law. The purpose of the amendments is to conserve the rights of the individual from invasion by State as well as Federal authority.

I may say that the amendments have been presented by representatives of the Christian Science religion, who feel very strongly upon the subject, and I believe many other religious bodies join with them in urging that this protection of the home is an established principle that should be preserved in this act.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

Mr. ROBINSON. Mr. President, I understand the Senator from Oklahoma [Mr. GORE] desires to present a resolution. When that shall have been done, with the approval of the Chairman of the Committee on Finance, the Senator from Mississippi [Mr. HARRISON], in charge of the pending business, I shall move an executive session.

Mr. GORE submitted a resolution (S. Res. 152), which appears under the appropriate heading elsewhere in today's RECORD.

Mr. VANDENBERG. Mr. President, before the Senator from Arkansas moves an executive session will he permit me to submit an amendment to be printed and permit me to make a brief statement, because I am hopeful that the Senator from Mississippi can give some consideration to the matter between now and Monday?

Mr. ROBINSON. Very well.

Mr. VANDENBERG. Mr. President, the particular amendment to which I am asking the Senator from Mississippi to give his attention over the week-end deals with a totally different phase of the problem involved in the security legislation.

The argument advanced as to why we cannot pass old-age pension and unemployment-insurance legislation in the States instead of in the Federal Congress is the argument that if one State should do it, adding, let us say, to the cost of production or manufacture in that State, it would inevitably inure to the advantage of some State which had not enacted similar legislation, and therefore, except as it is done uniformly, it may be done prejudicially. I quite concede that point of view. I wish to know, however,

whether the point of view does not carry us further and into the larger unit. This is what I mean: When we passed the late N. R. A. legislation we included a clause providing for more or less automatic tariff readjustment whenever increased costs of production precipitated by the N. R. A. legislation increased the differential between costs of production at home and abroad. When we passed the A. A. A. legislation we included the provision for tariff revision in the event the costs of production were arbitrarily and artificially affected in the fashion indicated.

Apparently in the long run the proposed law may increase, by way of pay-roll additions, the costs of production industrially, in 1940, for example, by a billion six or seven hundred million dollars a year, and in 1945 may increase the costs of production, by way of pay-roll additions, nearly $2,000,000,000.

It seems to me there should be the same automatic provision in the law for readjusting tariff differentials in respect to the differences in the costs of production at home and abroad if, as, and when this demonstrably proves to be true.

There is still a further reason why I think it is important in connection with the proposed legislation. As the Senator from Mississippi well knows, there has been a substantial exodus of American plants to foreign countries during the last decade. Something like 1,800 American industrial institutions now have branch plants abroad. It occurs to me that except as we are somewhat careful in protecting this arbitrary and artificial increase in the costs of production at home against the competitive advantage abroad we may be putting a premium upon the further exodus of American plants into some other jurisdictions where they can escape these particular burdens. In other words, it seems to me that precisely the same argument applies to international competition that applies in respect to interstate competition, and, since we are answering the interstate competition by going to the Federal jurisdiction for our answer, I am submitting an amendment, which I am asking the Senator from Mississippi to consider over the week-end, which would provide an authorized approach to the consideration of offsetting that same differential when it occurs in international trade. I submit the amendment and ask that it be printed, and I will appreciate it if the Senator from Mississippi and his experts will give some consideration to it between now and Monday.

Mr. HARRISON. Mr. President, I shall be very glad to give consideration to it. The matter was not brought to the attention of the committee. A similar question was presented in connection with the N. R. A., because it was recognized that there would be increased costs to American producers by virtue of the codes and arrangements which might be made under them. Whether or not because of this tax the costs will be so high as to call for legislation I do not know. I shall be very glad, however, to talk with some of the experts of the Tariff Commission and with others and give the matter consideration.