

adopts one scheme, another State adopts a different, and yet another no scheme at all.

2. The 3-percent tax should hold irrespective of the business index. The bill provides that the 3-percent Federal pay roll tax shall during the first 2 years be reduced to 1 percent if the average annual index of industrial production as returned by the Federal Reserve Board is under 84 and shall be reduced to 2 percent if this index is 95. The index of employment for the past 12 months is 76.8 and was lower in October 1934 than October 1933. Therefore it seems unlikely that the average index of production will rise above 84 for the coming 1 or 2 years. Therefore, if only 1 percent is to be set aside, the States will have failed to secure adequate funds out of which even minimum benefits can be paid.

States are waiting anxiously for Federal legislation. Unless something is done quickly, many State legislatures will adjourn before they do anything.

As regards old-age pension, it is essential that those people who are not employed workers, who are, for example, farmers, small storekeepers, and so forth, shall always be taken care of. The suggestion that in time we shall not need a system of noncontributory pensions is based on a false premise. It is not only the employed worker who needs help in his old age. Many persons who are their own masters require assistance at 65 or 70.

The CHAIRMAN. We thank you for your appearance and the information you have given the committee.

We will take a recess until 2 o'clock.

(Whereupon, at 12:30 p. m., a recess was taken until 2 p. m. of the same day, Friday, Feb. 1, 1935.)

#### AFTERNOON SESSION

The recess having expired, the committee reconvened at 2 p. m., Hon. Robert L. Doughton (chairman) presiding.

The CHAIRMAN. The committee will be in order. The next witness is Elisabeth Christman, of Washington, D. C., representing the National Women's Trade Union League.

#### **STATEMENT OF MISS ELISABETH CHRISTMAN, REPRESENTING THE NATIONAL WOMEN'S TRADE UNION LEAGUE, WASHINGTON, D. C.**

Miss CHRISTMAN. Mr. Chairman and members of the committee, I have a statement which I would like to present to the committee.

The CHAIRMAN. We are proceeding under the 5-minute rule.

Miss CHRISTMAN. It will not take longer than 5 or 6 minutes to read it, Mr. Chairman.

The CHAIRMAN. Proceed.

Miss CHRISTMAN. The National Women's Trade Union League of America strongly endorses the purposes of the Economic Security Act. The measures for social security proposed in the various sections of the act, old-age assistance, Federal and State aid for dependent children, for maternal and child health, and for public health, and insurance against some of the hazards of unemployment are all necessary steps that must be taken if the wage earners of the United States are to have any feeling of real social security.

The National Women's Trade Union League of America is an organization of trade-union women and speaks for several thousands of working women who have had first-hand experience of the results of a social system that does not provide these safeguards.

While we recognize the fact that real economic security can be provided only by steady employment at a decent living wage, a wage that permits the support of dependents and expenditure for health and savings, we feel that the measures contemplated in this bill are of great social importance and are a real step forward toward a program of social justice for the wage earners of the United States.

Because of the great importance of the bill, and because of its far-reaching significance to our people it is essential that the requirements set up, both as to administration and as to standards, should be most thoroughly examined, and for this reason we would like to call to the attention of the committee several defects which seem to us serious.

1. Unemployment insurance: In our opinion it is a serious short-coming of the bill that it fails to establish any minimum standards for benefits to be paid the workers, for the length of the waiting period before the benefits are paid, for the duration of the benefits and for payment of benefits to part-time workers. All of these items need to be carefully defined and minimum standards set so that States that are establishing high standards of insurance may not be handicapped by competition with States where standards are inadequate. We recognize the possible difficulties of setting a definite minimum standard in this Federal law, but we feel the matter to be so important that we urge that the Social Insurance Board be given in the bill (p. 22, sec. 402) authority to set minimum standards which must be set in all States.

2. Old-age assistance: Under the section of the bill dealing with old-age assistance there seems to be considerable discrepancy between the purpose of the bill as stated on page 2, lines 20 and 21, to assure "a reasonable subsistence compatible with decency and health" and the limitation of the Federal allotment, on page 8, line 7, to \$15 a month per person, making a total with the State allotment of \$30 a month per person. We are convinced that a maximum amount of \$30 a month in many cases will not fulfill the purposes of the bill, and we ask that the bill be so amended as to permit a more generous allowance when necessary.

3. Civil service: In setting up any permanent service in the Federal Government, experience has shown that efficient administration can be based only on the appointment of employees by the merit system through the civil service. For that reason we think that the section of the bill dealing with the administration of old-age assistance (p. 8, sec. 9) and that section dealing with the administration of aid to dependent children (p. 14, sec. 209) should be amended to provide that employees be taken from the eligible lists of the Civil Service Commission. Also, on page 22, section 6, line 8, experts on the social Insurance Board are specifically exempted from the civil service. This seems to leave possibly a very large group of appointees who would not come under the civil service, as the term "expert" is capable of many interpretations. As the Children's Bureau, in its administration of the maternal and child-health work, is required, on page 59, section 704, to employ experts, assistants, and clerks from

the eligible lists of the civil service, there seems to be no reason why the same terminology should not be followed for the Social Insurance Board.

In conclusion, we take this opportunity to emphasize again our endorsement of various features of this bill. The development of maternal and infant hygiene has long been of great concern to us. We know that the women of the country are in need of this service and we are convinced that its most satisfactory administration will be by the Children's Bureau, Department of Labor, with its background of experience and scientific knowledge in this field. We feel also that for the care of crippled children and general promotion of child welfare the Children's Bureau is especially well fitted to handle the responsibilities given it in the bill.

We congratulate the committee on the opportunity it has to establish so important a program to meet some of the great social needs of the Nation and we ask for favorable action on the bill at the earliest possible moment.

Mr. LEWIS. You say that there are no minimum standards provided in the bill, minimum standards which the States must meet in their legislative provisions. In a formal way your statement may be correct, in the sense that you mean it, but is there not a considerable minimum provided in the requirement of a 3-percent contribution by the employers to the State, which, of course, must be devoted to unemployment compensation.

Miss CHRISTMAN. While that is true, is it not pretty much up to the State, however, to set the amount? I have always looked to the Federal Government to guide them.

Mr. LEWIS. That is correct, but do you think the State would set an amount of less than 3 percent?

Miss CHRISTMAN. Well, I would like to be sure of it.

Mr. LEWIS. When otherwise, the balance would stay in the Federal Treasury?

Miss CHRISTMAN. I would like to be sure of it, and I am thinking, of course, of some of the more laggard States, rather than the progressive ones. I think they need Federal guidance.

The CHAIRMAN. If there are no further questions, we thank you for your statement, Miss Christman.

Mr. LEWIS. I should like to make a request of the committee, Mr. Chairman.

Mr. Treager is among the students of Johns Hopkins who would like to have the opportunity to present the unemployment subject for 5 minutes, and he assures me he will be through in 5 minutes.

The CHAIRMAN. At this time?

Mr. LEWIS. I do not see him here now, but at any time he may be here.

The CHAIRMAN. We will endeavor to hear him this afternoon, Mr. Lewis.

The next witness is Miss Selma Borchardt, of Washington, D. C., representing the American Federation of Teachers.

(It was announced from the floor that Miss Borchardt's substitute had been present earlier and was returning later, but was not present at this time.)

The CHAIRMAN. The lady will lose her place on the calendar if she is not ready to respond when called.

She will have to take her chance when she returns.

The next witness is I. Amter, of New York, representing the National Unemployment Council.

(No response.)

The CHAIRMAN. The next witness is Norris Wood, Philadelphia, representing the Local Action Committee for Workers, American Federation of Labor.

Mr. HALL. Mr. Chairman, my name is O. J. Hall, Jr.

The CHAIRMAN. I called Mr. Wood.

Mr. HALL. I am the chairman of this committee that represents the local-action committee, of Philadelphia.

The CHAIRMAN. It seems that Mr. Wood asked to be heard.

Mr. HALL. He is to represent the group we are affiliated with. It is the same group, in other words.

The CHAIRMAN. Are you the only witness who is asking to represent this organization?

Mr. HALL. Yes; I am.

The CHAIRMAN. You are recognized for 5 minutes.

**STATEMENT OF O. J. HALL, JR., REPRESENTING THE LOCAL-ACTION COMMITTEE FOR WORKERS, AMERICAN FEDERATION OF LABOR, PHILADELPHIA, PA.**

Mr. HALL. I am one of a delegation of three representing the trade unions of the American Federation of Labor of the City of Philadelphia, comprising 64 locals of A. F. of L.

We are as locals affiliated with the local joint action committee comprising unemployment council, and interprofessionals, aggregating a total sum of approximately 250,000.

This power is invested in me by action of the rank and file and through them have created an action committee to carry out their wants on the question of unemployment, old age, and social insurance bill, and to enact the same into laws of our country.

With this thought in mind and referring to that section of the Wagner-Lewis social security bill, S. 1130, on unemployment insurance, I will point out its inadequacy in so far as the trade unions are concerned:

I. The marginal difference of a worker's earning and cost of living is so small that the benefits of the unemployment is inadequate because of the waiting period before payments start. This is also due to many workers working part time.

II. The Wagner-Lewis bill, S. 1130, acts as an indirect tax on the worker as he is the one who is the source of all created wealth, and who is now carrying the burden of the unemployed, and being above the 10,000,000 mark since the reemployment drive ending in September 1933.

III. The unemployment insurance excludes from benefits the mass who are now unemployed, since it affects those now employed if and when they are out of jobs.

We concur in the criticism of the Lewis-Wagner bill, S. 1130, with those of the social-insurance experts and actuaries on the committee on economic security.

IV. The approach must be made by a reconsideration of the whole role of the Federal Government which it is held should provide